[Mr. Chairman]

not give you permission.... (*Interruptions*) ....I ask you to sit down. If you don't sit down I will take action.

SHRI DIPEN GHOSH (West Bengal): Sir, I would like to draw your attention. .

MR. CHAIRMAN: The same thing applies to you; same thing applies to every one of you .... (*Interruptions*).... No, no. Mr. Engti will move a motion.... (Interruptions)....Nothing will go on record.....(*Interrutptions*).... I have not given you permission when you came to my chamber....(*Interruptions*)....

(*Interruptions*)

MR. CHAIRMAN: Nobody is allowed to make a submission. Members had come to my room, and I have explained the reasons why I cannot allow this to be raised. Therefore, I cannot permit anything to be raised here.

We now proceed with the business.

(*At this stage some hon. Members left the chamber*)

MR. CHAIRMAN: None of the proceedings up to this hour will be recorded, and it shall not be reported in the Press.

MOTION RE. APPOINTMENT OF MEMBER ON THE JOINT COMMITTEE OF THE HOUSES ON THE LOKPAL BILL, 1985

THE DEPUTY MINISTER IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS (SHRI BIREN SINGH ENGTI): Sir, I beg to move the following Motion:

"That this House concurs in the recommendation of the Lok Sabha that the Rajya Sabha do appoint one member of Rajya Sabha to the Joint Committee on the Bill to provide for the appointmment of a lokpal to inquire into allegations of corruption against Union Ministers and for matters connected therewith in the vacancy caused by the resignation of Shrimati Pratibha Devisingh Patil from the membership of the Joint Committee and resolves that Shri Raoof Valiullah be appointed to the said Joint Committee to fill the vacancy."

The question was put and the motion was adopted.

THE FINANCE BILL 1987—Contd.

MR. CHAIRMAN: Now I take up discussion on the Finance Bill. The House will have to skip lunch today. We have already lost ten minutes. It does not matter. The Prime Minister will reply to the debate at 3.45 p.m. Thereafter, the clause-by-clause consideration will be taken up.

SHRI RAJNI RANJAN SAHU (Bihar): Mr. Chairman, Sir, yesterday I was referring to Section 80(0)(0). For restoring this section total loss to the exchequer would be hardly Rs. 50 lakhs. On the other hand it will give a boost to exports, which is evident from the figures. In 1970, the book export was less than a crore, whereas in 1986-87, it has gone up by Rs. 26 crores. The Income-tax Act needs further simplification so far the procedure of assessment is concerned. There should be a change in the concept of assessment. The way of tax-payer is hard and we should make it easier. Therefore, I would suggest that the procedure of re-opening completed assessments should not be liberalised. Otherwise, the very idea of accepting the Return under Section 143(1) will be meaningless and it will lead to corruption. Thus, it is suggested that the completed assessments be re-opened only if there is a sufficient ground and that it too be with the permission of the Income-tax Commissioner.

[The Deputy Chairman in the Chair]

In partnership firms, which are very common in the middle-class businessmen the system of double taxation should be discontinued. The income of the partnership firms should be taxed at the hands of the partners only and the firm should be totally exempted from the firm tax.

*Not recorded.

It may end loopholes and the Government may get more revenue.

Thirdly, there should be a provision in the Income-tax Act to finalise the proceeding procedures. An assessee has to go through arduous procedures. The institution of AAC and the Commissioner of Appeal, both are impediments in the disposal of the cases. The assessee has got a greater faith in tribunals which is known for its impartiality and depentation of justice expeditiously. Hence, irrespective of quantum the assessee may be given opportunity to go to the Tribunal for justice, because there is a notion that the AAC and the Commissioner of Appeal being men of department is revenue biased. I hope this will receive the attention of the hon. Prime Minister.

There has been an insertion of Section 12 (b) in the Income-tax Act. This is a progressive measure. Avoidance of tax by certain companies making huge profits will be checked by its insertion. Under the existing provision of Section 10(a) of the Income-tax Act, any profit or gain of industrial undertaking engaged in the manufacture in the free trade zone are exempted from tax for a certain numbers of years. With a view to providing further incentive for earning foreign exchange, it is proposed to clarify that manufacture for the above purpose should include these activities in processing and assembling. This is an incentive for earning foreign exchange. This provision is highly laudable. The Finance Bill exempts capital gains on transfer of assets, in case of shifting of an industrial undetaking from other areas. This will provide promotion of decongestion of urban areas and would balance the regional growth. As a consequence section 280 ZA of the Income Tax Act is proposed to be omitted. This will help shifting of certain industrial undertakings from urban areas to non-urban areas. The objective of the Finance Bill is to simplify the procedure of tax collections and this object has been fully taken care of in this Bill.

There is a provision in this Bill to provide certain relief to the cement industries. I would suggest that instead of giving concessions in excise duties, the Government should give incentives to cement industries for export. They should go out of the country to search the market.

All the State Governments should be asked to follow a uniform sales tax policy for each article which will stop generating black money.

Madam, yesterday I was listening to the speech of our learned friend. Mr. M.S. Gurpadaswamy who has developed love and admiration forlour former Finance Minister. This is good. But is he going to trust him in case he joins him? I would like to know from Mr. Gurupadaswamy. Mr. Gurupadaswamy is a senior Member and he might be knowing that in a Cabinet form of Government it is not the individual that matter but it is the policy of the Prime Minister which matters. If X, Y, Z would have been in the place of our former Finance Minister, he would have done the same thing. We are not deviating from our policy and the same policy is continuing more vigorously. I request the hon. Prime Minister to continue the policy on raid efforts to unearth the black money and assets and no one should be spared, who so ever, highly placed he may be. Madam, former Rajas, Maharajas who have divested their stock of gold and jewellery etc., by creating fictitious trusts and companies to avoid tax should be investigated by our Government which was ignored by the former Finance Minister.

Madam, our Prime Minister is very keen to provide house and shelter to every citizen of the country and he has taken several steps to implement the same. But the quantum of finance extended to the housing sector during the year 1985 amounted to only Rs. 147.29 crores. The Reserve Bank of India in 1985-86 fixed overall quantum for the housing sector to be provided through the banking system to the various categories of borrowers which remains unchanged at Rs. 150 crores. With this meagre sum the basic idea of providing house to every citizen in the country cannot be implemnted and R.B.I. should review this policy.

[Shri Rajni Ranjan Sahu]

I would also like to draw the attention of our hon. Prime Minister and Finance Minister towards tax collections. Though there has been a growth of 19.97 per cent over the last year but from the arrears it appears that the tax demand exceeding Rs. 10 lakhs is Rs. 1,374.86 crores outstanding on the last quarter of 31-3-1986. Out of this outstanding tax dues above Rs. 1 crore is Rs. 819.60 crores which is more han 60 per cent. These dues are locked up with big business houses. I demand a special cell to realise outstanding dues which is being held in a few hands.

Regarding banking section, I would like to draw the attention of our hon. Finance Minister that reconciliation of bank accounts is lagging behind. It will take another 5-6 years to reconcile the accounts and to know the exact position even after 31-12-1984. Hence this should be expeditiously done so that the lacuna, if any, may be detected. Madam, there should be an exemption limit for a person or an individual who is self-employed as is being given in the case of salaried class people.

Now, coming to the other part of the Finance Bill, I request the Minister to look into the working of LIC which has got to play a big role in the social development and social changes. LIC has earmarked only 2 per cent of the total invesment for the rural water scheme which is a very meagre amount in view of the social commitment towards the people of the land. (*Time bell rings*) I will take one minute only. Madam, recently the Government has taken a decision to abolish the drug equalisation account fund which was created to check an unintended profit by the drug industry. The drug industry made several crores of rupees as unintended profit and an estimated amount of Rs. 700 to 800 crores are lying with the drug industry. The Supreme Court has recently said that it is diabolical and directed the Government to realise this amount from the drug industry. I would request the Government to take severe steps to realise this amount. Lastly, Madam, Bihar needs Central investment. In the last ten or fifteen years, apart from expansion in the existing industries, no Central sector investment worth the name has come up in Bihar. Hence, the Central Government must draw a programme of action within their existing priorities but with the definite view to step up investment in the poor State of Bihar. With these words, I thank you Madam for giving me an opportunity to express my views and I support the Finance Bill.

PROF. C LAKSHMANNA (Andhra Pradesh): Madam Deputy Chairman, the Finance Bill presents an occasion for us to take stock of the position with regard to the economic situation in this country. It is stated that the thrust of fiscal policy and planning is growth with social justice. If we examine the Budget, the Finance Bill and the Appropriation Bill, all three taken together, a queston arises whether this thrust of growth with social justice could be fulfilled. Madam, before I give my own views I would like to quote Professor C. H. Hanumantha Rao who was a noted economist and who was a Member of the Planning Commission himself. He says and I quote:

"Our major objectives are growth and social justice, but realisation of both these is highly sensitive to the price situation. The pattern of financing being inflationary is very different from what was visualised in the Seventh Plan. It is difficult to predict whether resources can be found to sustain growth according to plan targets for the remaining period. As it is, our fiscal policy as well as public outlays are tilted in favour of upper strata and if prices get out of hand and in my considered view, the prices have gone out of hand, the objective of achieving social justice will be adversely affected. I feel inequalities in income and wealth are going to increase further despite outlays for anti-poverty programmes."

This is what Prof. C. H. Hanumantha Rao had to say. Madam, I would like to quote as to what Mr. B. K. Nehru has stated:

"I am myself not sanguine about the prospects of Indian economy as many people seem to be. The favourable factors, to my mind, are the extra-ordinary growth in our technological and managerial competence and in the increase in the rate of savings. For a poor country and society like ours the rate of savings at 22 per cent of our GNP seems to be fantastic. The problem then is how to organise these factors."

He goes on to say —

"One factor has, of course, been the growth in the agricultural production is not as satisfactory as we think it is." He further goes on to say—

"In food itself look at the low level at which we are self-reliant. Our people have a very low standard of nourishment and if they were to eat properly, we will again be short of food."

Now, taking these two views of noted economists, it is clear that we have been failing during the last three years and more particularly this year with regard to relisation of the objectives. If we look at the poblem we have to pick up certain basic issues in the fiscal policy and which are supposed to be reflected in the various fiscal or financial activities of the Government, viz. the deficit, the debt, the flight of capital, then the budgetary allocations and the types of reliefs etc. given in customs and excise levies and, finally, the priorities in the Plan growth objectives and Centre-State relations.

When we look at the deficit, as is well known, last year as against the estimated deficit of Rs. 3650 crores, it went up to Rs. 8250 crores. In the present Budget we are having an estimated deficit of Rs. 5688 crores. The Prime Minister, of course, said that he would see to it that it did not cross. But what is our experience subsequent to the Budget presentation? I will cite only a few instances how this profession on the part of the Finance Minister who is also the Prime Minister will not be fulfilled. (1) While the Finance Bill was presented in the Lok Sabha and was being passed, the Prime Minister came out with new concessions, new reliefs, to the tune of Rs. 70 crores—Rs. 40 crores for customs relief and Rs. 30 crores for excise relief. Now, when there is an addition of Rs. 70 crores to the Budget deficit, how are they going to make it up? The claim is that they will have better realisation. Now the question arises: Did they not think in terms of better realisation when they envisaged Rs. 5688 crores of deficit? And if they could add another Rs. 70 crores to the deficit and still claim that it will be realised through better colection and so on and so forth. I will only doubt the integrity of the Government. The Government does not seem to be clear how it is going to bring about a better collection; otherwise, there was never any need for having a deficit of the order of Rs. 5688 crores. But they are having a deficit of Rs. 5688 crores and are adding another Rs. 70 crores to it by way of reliefs, which makes it nearly Rs. 6000 crores. I only wonder as to what the end-product of this deficit will be. We have also to take into consideration two or three other factors. One is the college and university teachers' pay scales. The Mehrotra Committee has submitted its report and it has been examined by a high-power committee or an empowered Committee of the Government. But still nothing has come out of it. The Minister of Human Resource Development has been assuring us on the floor of this House and the country outside that he would shortly come forward and I hope he would shortly come forward and I hope he would soon come forward with his proposals. And when he come forward with his proposals, there is bound to be a certain amount which has to be met. I do not know what will be the nature of that commitment but whatever may be that commitment, that commitment is going to be over and above what has been envisaged in the current. Budget. Therefore, this is another item which is likely to increase the deficit at the end of the year. How, are they going to meet it? That is a different question.

[Prof. C. Lakshmanna]

Then, the National Committee on Teachers, the Chattopadhyaya Committee, has recommended certain scales for the teachers. Again, the Minister of Human Resource Development has stated on the floor of the House that they are going to take a sympathetic view of the whole thing, that they will be able to come forward with certain definite conclusions, with certain definite resolutions, on this which means again that there will be a commitment of certain more amounts in this direction which is bound to add to the deficit. Now, I would like to ask how the Government is proposing to meet these additional expenditures which will take place definitely during the current year itself. And, if they are going to say that they are going to meet this by better collections and better mobilisation and so on and so forh. then my question will again be this: How is it that this efficiency which is being shown now, which is being promised now, was no there in the last year and in the year before the last and in the previous several years and what is the special mechanism which has come into existence as a result of which they will be able to increase the efficiency and improve the functioning of the Government in the matter of resource mobilisation, in the matter of stepping up collections? On the other hand, Madam, we have seen that there is a possibility of the tax collection getting scaled down. Though the Minister of State for Finance has been claiming that it has been stepped up and it has not gone down, we do not have any evidence to show that it has been stepped up. On the other hand, there is a scaling down and it has come down. If that is the case I would like to ask the Government how they are going to meet this deficit and how they are going to contain this deficit as envisaged in the Budget while the experience has been otherwise in the previous year and the year before. Then, it this also been stated that they will try to curb the expenditures. How will they curb the expenditures and how will they bring about efficiency in expenditure? I can only say what the Comptroller and Auditor-General has said. He has indicated that in many cases, in the Defence budget itself, there have been cases of injudicious purchases infructious expenditure, production losses and cost escalation owing to the delay in purchases and finalisation of purchases. There are the things which have been stated by the Comptroller and Auditor-General himself in his report, not in one report, but in several reports. I am not going into the Bofors issue, I am not going with the submarine deal and I am not going into the Fairfax issue for the present. None the less, what has been sounded by the Comptroller and Auditor-General is only confirmed by the various scandals which have been rocking the country. Therefore, if they cannot bring about efficiency in the expenditures as indicated by the Comptroller and Auditor-General, then I do not see how just a word on the part of the Prime Minister or the Finance Minister is sufficient to assure the country that they would be able to stick to the expenditures and economics in expenditures. Therefore, I would like to warn that the deficit is bound to be more. Now, there is an organic linkage between deficit and prices. The inflation rate was of the order of 9.3 per cent. But the Prime Minister claims that it has come down to 8.3 per cent, that there has been a scaling down by one per cent. But what is the basis? They say that the Consumer Price Index has come down. But what is the experience? The experience of the housewives and the experience of the common man and the experience of the Members of Parliament in their houses have been quite different. They have to pay more for vegetables, they have to pay more for their rations and they have to pay more for everything. But, at the same time, we are told that the Consumer Price Index has come down to 8.3 per cent from 9.3 per cent, by one per cent! What is this jugglery and what is this magic. And Madam, what is the magic wand that they have by which they can bring it down? Therefore, I would like to ask the Minister to consider this whether the prices have come down. They are looking at this how prices will come down. If the deficit is increasing, and if the prices increase the value of the rupee comes down. It was abundanty clear by discussions in this House and elsewhere that the rupee value has come down to 15 paise—14.7 raise— from one rupee position of 1961. If that is the case, what does it mean? If

the value of the rupee comes down and when the value of the rupee is linked with the basket of currencies, we are daily seeing how there is fluctuation, and in the fluctuation invariably in the rupee is affected. If that is the case, when there is a fluctuation in the price cane the value of the rupee goes down, the amount that has to be paid in terms of hard currencies goes up. That means, we have to pay more money for getting less and less imports into the country. But, at the same time, the import trade has gone up. On at least it has not come down thelevel as it was last year. There is a claim that exports had gone up a little. In this case there is bound to be an impact upon the foreign trade and on the balance of payments position. And the foreign exchange reserves will come down. If the foreign exchange reserves come down, it will have a deleterious effect in some other fields, about which I will talk later.

From all these points of view, therefore, the deficit which has been projected at Rs. 5688 crores is bound to be much more than what it was last year as an end product. If it is much more, it is bound to have an inflationary effect. Therefore, the common man's life is bound to be worse than what it was last year.

Then, we will come to the debt position. I need not go into other documents. I can only take the Appropriation Bill and the statement made by the Prime Minister in reply to the debate on the Finance Bill in the other House. Out of the total appropriated money of Rs. 2,33,762,000 crores, Rs. 1,52,120,000 crores will go by way of debt repayment. What will be left for developmental activities? What willl be left for the country's budget? Only Rs. 81,641,000 crores, which is much less. On the other hand, the Prime Minister's figure which was given in the other House is a little more. He said that will be Rs. 1.71,077,000 crores, because here is a debt repayment Rs. 20,213 crores. In addition to what has been there, the entire repayment works out to more than 60 per cent, or even more than that. While speaking on the Budget and the Finance Bill last year and the year before, I said that it would be 40 per cent or it would reach 50 per cent. If that is the case, I do not know what will happen. Then, interestingly, in the middle of this year the repayment to IMF is also coming forth. And when that starts, I think the position is going to be much worse than what it was. And the figures are that about Rs. 800 crores will be the interest alone on external debt, and the interest on the debts as a whole will be Rs. 10,650 crores this year we are paying. And this does not include what has been borrowed by the public undertakings. And if that is also added, the debt position of the country is very precarious. I will quote the position with regard to debt. I quote: "The situation in India is not as desperate as that of Mexico." That is the only saving grace, that is the only solace, that is the only minimum comfort "But, nevertheless, it has been a cause of concern for planners and policy-makers."

An Indian financial journal reports that the external debt of India including suppliers' credit was 33,120 million dollars by March, 1985, which was to go up to 39,000 million dollars by the end of March, 1986, and ultimately reaching 44,800 million dollars by the end of March, 1987. That means, it has already reached. In terms of this, India's external debt was placed at 23.8 per cent of exports of goods and services by the end of March, 1985 and will reach 33.3 per cent of exports of goods and services by the end of March, 1987. This is the gravity of the debt situation. With this debt, it looks that in the years to come we will be indulging in borrowings, we will be indulging in getting money only to repay the debt. And if this is the case, how are they going to achieve growth, how are they going to achieve social justice, I would like to ask. Therefore, the Minister may kindly consider this and tell us as to what he will do about this debt position. It will be no longer a solace that it is not as bad as Mexico. I had witnessed myself when the Mexican currency was going down. I was in the Mexico city at that time. I hope that situation should not develop here. If that is the case, I would like to ask the Minister as to what steps he will be taking... *(Time bell rings)* We have about 30 minutes.

THE DEPUTY CHAIRMAN: 20 minutes. Your time is up. Please sum up.

PROF. C. LAKSHMANNA: I am trying to sum up.

About capital flights, it is estimated that in Swiss banks alone, there are about Rs. 1,300 crores. This is what the former Finance Minister has stated. And even the Policy Document of the Institute of Public Finance places the black money at Rs. 37,000 crores. With this huge money playing a parallel role to the country's economy, how are you going to solve the problem? And in this process, if some information was identified by the Finance Ministry and if an investigation was ordered and subsequently if some drama takes place, and if the terms of reference of the Thakkar-Natarajan Commission are so restricted, I am afraid we are not honest to ourselves. Therefore, if we have to know what is the flight of capital and how it is affecting and how the money is being kept away from the country's circulation by the nefarious activities of individuals or Houses, etc etc.—I am not concerned about them right now—there is only one way left. And that is to tackle the central issue which was considered a central issue by the then Finance Minister in going into the entire Fairfax issue. Therefore there is a need for increasing the scope and terms of reference of Thakkar-Natarajan Commission so as to identify as to what is the extent to which the money has been diverted to foreign banks which legitimately should have come to this country, who are the individuals, how are they spending this money, is it just languishing in some banks or what is happening, what is the way in which it has to come.

In this connection, Madam, I would like to bring one more information to the notice of the House. When we talk about debt, we do not talk about the debt of the amounts that are there with the investments by the NRIs. NRIs are still foreigners. And when we consider that also, the entire debt position is bound to become very difficult. Madam, having stated this, there are only two points which are of importance which I would like to touch. One is with regard to the priorities. How we have missed our priorities? There is a document which shows as to how the Central Asia of USSR developed and what lessons can we draw from that. The emphasis there has been that they tried to develop agriculture and education as the type of priorities in order to generate development as a whole. If that is the case what have we done? I think we have not proceeded in the right direction as far as these two fields are concerned. I have just now mentioned a little while ago that regarding the self-reliance in foodgrains it is only the level of self-reliance. But still we are falling short of the expected production in foodgrains. We have not been able to reach and achieve the level which we achieved in 1983-84 of 158.4 million tonnes. We are still at the level of 149 to 150 million tonnes only. It is because there has been a misguided allocation. In this case the question of Centre-State also comes. All the irrigation projects have to be executed by the State Governments. (*Time bell rings*). Yes, yes, therefore, there is the need for taking up the irrigation projects of the State by the Central Government as national projects. And now, only about 30 per cent of the land under crops is irrigated. But the scope is there for improvement. Unless the irrigated crop land is increased, we will not be able to increase production. Therefore, I demand that major pjrojects of the States, major irrigation projects of the State, should be taken up by the Centre as National projects.

Then I come to the thermal position and also hydel position.

THE DEPUTY CHAIRMAN: Do not elaborate, just mention.

PROF. C. LAKSHMANNA: Similarly to cite an example...

THE DEPUTY CHAIRMAN: No examples.

PROF. C. LAKSHMANNA: I am only doing that.

THE DEPUTY CHAIRMAN: You are taking the time of others.

PROF. C. LAKSHMANNA: Manuguru thermal station in Andhra Pradesh was supposed to have been started a few years back. But nothing has happened. Similarly, the State Government has stated that the Rayalseema thermal station has to be taken up. I suggest that these projects which are being executed by the State sector should be taken up by the Centre as soon as possible because unless you convert them into Central projects unless you are able to do that your power requirements will not be able to improve by 2000 A.D. And finally even in the case of hydel projects there has to be a national hydel projects commission so that the hydel projects which will give current and electricity can be taken up by the Centre and unless that is done, I think we will not be able to meet the power requirement in the 21st century or even later. In view of this I would like to appeal to the Minister to kindly consider the possibility of taking these as national projects.

SHRI N. K. P. SALVE (Maharashtra): Prof. Lakshmanna, the learned Member *inter alia*, quoted Prof. Hamnumantha Rao and Shri B. K. Nehru, expressing apprehension about sustaining the rate of growth and achieving objectives of social justice.

Prediction of future economy, as it may be, is in the realm of speculation, and there can be as many speculations as there are experts, speculating as to what the economy is likely to be. But as a fact what has to be recognised is that the present state of the economy and the growth of GNP as it is today, is a conclusive testimony to the fact that the management of the economy in the preceding two years plus has indeed been commendable. (*Interruptions*). The macro economic policy environment has indeed been very sound and responsive and I maintain despite there are areas in which we cannot afford to be complacent, I think the resilience of the Indian economy and built-in in-depths strength of the Indian economy is indeed stronger than the strongest developing country. We have worked a very great deal; we need to work a great deal to sustain the growth rate co-extensive with the objective of social justice. There are a few disquieting features. Perhaps, the one most disquiteing feature is that the growth in population is impeding, *if not neutralising, the economic growth*, and in fact, that is one reason which is impeding our thrust against social oppression. There can be no slackening in our eflorts to eradicate inequalities and emancipate the socially oppressed. But if one way is to see—I do not have to remind again and again—our performance in the field of agriculture, because agriculture is the life blood of our rural economy, it is, indeed, very creditable because for three consequtive years we have the drought, and in Maharashtra, you know, as in other 12 States, there is acute and extensive drought. Despite that, food production is one of the highest we ever had, and we have a bumper buffer stock. These are the facets of our economy which gives us very great hope for the future, as also our industrial growth is satisfactory at the moment, and I do not share the apprehensions, the basis of the apprehensions on which it is considered *that our resources are likely to be in*adequate, or our approach is likely to be such that we will not be able to maintain or sustain the growth.

Undoubtedly, there was a reference by him to inflation. I do share the concern. The wholesale price index does indicate that we are in the single digit; but the consumer price index is much higher than the wholesale price index, and in the preceding few days, all of us are aware—and you would be more aware than all of us—that prices of certain essential commodities have really shown an increase. There is no warrant, no justification whatsoever, for this sort of increase, because there is no impost that has come on them, that the price of X-mill productivity is higher. It is only the profiteering and racketeering element of the middleman which is creating such a situation. It is, therefore, very necessary to monitor this kind of increase in prices because inflation—I agree with Prof.

[Shri N. K. P. Salve]

Lakshmanna—is the single greatest enemy of common man. So far we have kept it checked; we must continue to keep it in check.

The investment climate, after the financial proposals were formulated, really took a U-turn. There was so much buoyancy in the investment climate. The same was dampened very greatly. We have one of the most incredible rate of savings in this country. When we have such incredible rate of saving—perhaps, the highest in any developing country, much higher than the highest in any developing country—why is it that investment market goes about like this and it slumps like this? For two years, it was going up and up; moneys were coming into different sectors, whether it was the public sector or the private sector. The investments must be harnessed into productivity channel and if we are not able to do that, the entire savings would be utterly meaningless and would be very highly illusory. Two factors, in my opinion, have contributed to this change, this U-turn which the buoyancy in investment has taken. The first was that two provisions, utterly unimaginative, utterly unnecessary, were made in the Finance Bill and all the experts concentrated themselves on these two provisions. They did not look to the total impact which the financial proposals would be having on the economy. But these—I concede immediately—were unimaginative; not only unimaginative but they were dangerous. Anyone who knew anything of the sentiments which play a very large part in building up an investment climate, would have known that these were—if I may use the word, with great respect—inane provisions—sections 115J and 194E. Now you have deleted section 194E. But why did you bring in this provision which not only created this sort of atmosphere in the investment climate but which was wholly outside Entry 82? An unconstitutional provision was thought of and brought in. There is a provision made under section 115J. When this sought to be diluted, I am afraid the way it is sought to be diluted, it is making the provision as it stands now extremely irrational. I may point out to the hon. Minister who is sitting here as to how irrational this provision has become. I hope, with reference to the illustration which I am going to give, while answering this aspect would be dealt with. The existing provision 115J, as it says that minimum of 30 per cent will be taxed, where otherwise after setting off various incentives and various deductions the total income is less than 30 per cent of the book profit. The principle is very healthy, very wholesome. Certain minimum profits must be taxed. What we wanted was, when you want to tax the profits, genuine business losses of the previous year and depreciation as per the Income-tax Act should be allowed to be set off. Now you yourself are computing those losses, genuine business losses. There are other sections in the Income-tax Act which provide for setting off of these losses. Now perhaps because of the pressure that was brought on and perhaps because of the tremendous criticism that was levelled over this that it was very unjust and inequtous provision, changes are made. A section 205 of Companies Act is super-imposed on section 115J. I do not know how much thought has been given to this section 205 of the Companies Act. This section of the Companie Act is for a different purpose. Companies are prevented from declaring dividends out of capital. So, the Companies law makes a provision that if in a particular year a company makes a profit and there are brought forward losses of the earlier year, to prevent that you do not make payments of dividend out of capital, it is incumbent on you to set off against the current profit of the year, the earlier year's loss or depreciation whichever is less. Experts have been commenting on this section of the Companes Act itself that it is irrational. In fact, one of the writers said that it is stupid. It is like this. Assuming that in a particular year the loss sustained is Rs. 50 lakhs and it is brought forward. Next year the profit is Rs. 10 lakhs and unabsorbed depreciation is hardly Rs. 500. Then whichever is less of the two. 500 is the depreciation against Rs. 10 lakhs set off of 500 depreciation and on

Rs. 9,50,000 you declare dividends. Whereas Rs. 50 lakh remain brought forward. That provision itself in the Income- tax Act betray total lack of imagination. You are superimposing it here and see how it will work. I want you, Mr. Minister to answer my query with reference to the illustration I am giving.

Supposing there are 11 lakh book profits and against 11 lakh book pholits after allowing deduction and accelerated deprecation and other things, 3 lakh is the total income assessed for the year. Book losses are of 50 lakhs of earlier year in the books and the unabsorbed depreciation is Rs. 1 lakh. Madam, what will hapen Against 11 lakh only one lakh will bet set off and from the 10 lakh 30 per cent, that is, three lakh will be taxed which is, in fact, the total income assessed. Is it this that you have contemplated? Have you been able to analyse the requirements of this section before you made this provision? Section 115J. I submit in principle is correct, but on this principle, why do you want to vitiate the basic principle by super-imposing an utterly inequitous, unjust provision of the Companies Act without understanding and without examining the implications? If you have understood the implications, you will kindly explain the rational of this illustration in terms of which lesser of the brought forward losses in the books and unabsorbed depreciation is hardly any amount, then hardly any amount is allowed to be set off and the companies have to pay taxation on income when there are genuine business losses. This is what I have always been advocating.

SHRI N. E. BALARAM (Kerala): Shall I ask a question? Section 194E and 115J have already been withdrawn. Then what is your complaint?

SHRI N. K. P. SALVE: Section 194E is withdrawn but section 115J is not. It is sought to be amended by super-imposing on 115J section 205 of the Companies Act and I have just explained how section 205 of the Companies Act works, that it does not serve the purpose for which it was supposed to be there. Now, you are superimposing here making the entire working of the entire section sheerly ridiculous, Madam. I am sure this would be examined in depth...

1 P.M.

SHRI JAGESH DESAI (Maharashtra): Mr. Salve, I would like you to clarify one point. You referred to brought-forward losses. The loss is computed after taking into account the incentives. To that extent, loss is to be reduced or not for the purpose of set-off? (*Interruption*)

SHRI N. K. P. SALVE: I do not want to go in to greater detail. (*Interruption*) I do not want any deduction or incentives. Why don't you remove this from the statute book?

THE DEPUTY CHAIRMAN: Mr. Salve, you go ahead with your points.

SHRI N. K. P. SALVE: Therefore, Madam, my submission is, the Finance Minister should examine this and tell us or he should ask the bureaucrats who have worked it out and rectify this great irrationality and inequitous provision so far as section 115J is concerned.

Madam, it was unfortunate that, these were only, these two provisions only, were focussed upon. Columns after columns have been written in newspapers of the financial proposals, focussing only on these two provisions. Prof. Lakshmanna is not here. I was going to touch upon one very important aspect of the matter. The real thrust of the financial proposals has been completely neglected. While quoting Mr. Hanumantha Rao, the distinguished economist, he said that notwithstanding the higher allocation for poverty-alleviation programmes, disparities are likely to continue. But I would point out to him that one should see the real thrust. There has not been adequate window-dressing of the financial proposals. The entire attention was diverted to these two provisions and the entire financial proposals were condemned as useless and worthless. Secton 194E is to be removed and section 115J is sought to be modified, bettered, in the manner I have explained just now. The real thrust of the financial proposals, in my opinion,

[Shri N. K. P. Salve]

was the massive rural development allocation which had been made. I would like to ask....

SHRI NIRMAL CHATTERJEE (West Bengal): Is it part of the Finance Bill?

SHRI N. K. P. SALVE: I said, 'financial proposals, Nirmal. Part of the financial proposals. Nobody has dealth with this aspect of the matter whereas, as I said, columns after colmuns have been written on these two provisions. I am very much distressed. Focus was on these two provisions only because the business community is affected, industrialists are affected. Nobody is willing to speak for the people who are dispossessed, divested and oppressed. How many have attempted to discuss the large and massive allotment, allocation, which has been made in the financial proposals for the rural development programmes, for the poverty-alleviation programmes? They just glibly say that notwithstanding all this allocation, disparities will continue. Nobody wants these disparities to continue. I would like to ask, in which other manner should the allocations have been made? In which other manner, the common man should have been catered to within the Budget proposals, within the constraint of resources so that we make the common man's life a little better than what it is today, something to wipe off the tears from the eyes of those who are under-privileged and less-privileged? But, Madam, in the print media. how much did you read about this allocation made for the poverty-alleviation programmes? Prof. Lakshmanna has gone. How much did he speak so far as this aspect of the matter is concerned? You, just dismiss this in one sentence saying that despite this allocation, disparities will continue. We know there are disparities and these disparities are more pernicious. One day, the entire system will collapse if we do not eradicate these disparities. But who is to be blamed? All of us have to be blamed because we do not pinpoint our discussion on the right aspects of the matter.

Madam, the Indira Awas Yojana which is under the Rural Landless Employment Guarantee Programme has already provided 62,400 houses and micro-habitats for the Scheduled Castes and the Scheduled Tribes. Nobody has mentioned about it. I have heard speeches after speeches. What about the welfare of the Scheduled Castes and the Scheduled Tribes. Rs. 235 crores are involved. This is the Centre's allocation to the Scheduled Castes social component plan. Madam, my respectful submission is, for all these years, the centre of planning has been the common man. The heart of our Constitution which has been described as a document of social revolution is the common man. It is for his welfare we have to work and we have to work incessantly. My respectful submission, Madam, is, let us divert our attention to something which is constructive and worthwhile. How much we have discussed to which Mr. Arun Singh had been at pains to reply. We have debates for hours together. How much of this was worth to the common man? I am not for a moment saying that Parliament should not discuss something which impinges on the question of probity of the Government. But how much time we are devoting for those for whom we seem to be shedding tears? My respectful submission is, the entire thrust of the Budget has completely been overlooked, the entire emphasis which has been given in the financial proposals has been completely brushed aside. I wish it were looked at with greater objectivity.

Within the time constraint, Madam, because I do not want to tax your patience, I would like to submit that when we are working for the eradication of inequalities, an integral part of eradication of inequalities, in our Plans, in our programmes, is to eradicate imbalances within the region itself, and I would like to say something about that. I come from Vidarbha region which has been subjected to very grievous...

AN HON. MEMBER: Drought.

SHRI N. K. P. SALVE: Not drought, but a very grievous injustice all these years. Thousands of crores worth of backlog exists. Why? Because we are simple-minded people from that area. Madam, you come from Vidarbha, you know it as well as I do.

SHRI A. G. KULKARNI (Maharashtra): Madam, are we not simple-minded in Western Maharashtra?

Madam, this is injustice, because you are in the Chair and he is...

THE DEPUTY CHAIRMAN: The converse of what he has just mentioned is not true.

SHRI A. G. KULKARNI: Madam, I do not follow what he is talking.

SHRI N. K. P. SALVE: Madam, we are simple-minded in the sense that we are not rich people; the people in the region are not rich.

SHRI A. G. KULKARNI: The richsest. Madam. Madam, you know how much land is there in Vidarbha.

THE DEPUTY CHAIRMAN: He has only said that we of Vidarbha are simple-minded. The converse is not true. That does not mean you don't have a simple mind.

AN HON. MEMBER: Shri Kulkarni, in particular.

SHRI N. K. P. SALVE: We see simple-minded; they are simplistic.

SHRI VITHALRAO MADHAVRAO JADHAV (Maharashtra): Not compound-minded.

SHRI N. K. P. SALVE: My grievance is why this grave injustice has been done to the people of Vidarbha, where there is thousands of crores worth of backlog in development. Its roods, its Irrigation and other development activities have lagged behind. They gave a chiefministership to our region and nothing else came. I do not have anything to say against him, he was a friend of mine, what has happened s politically, as a fact it happened...

SHRI SHANKARRAO NARAYANRAO DESHMUKH (Maharashtra): Madam, how is it connected with the Finance Bill?

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE RESEARCH AND DEVELOPMENT IN THE MINISTRY OF DEFENCE (SHRI ARUN SINGH): They are all Maharashtrians.

SHRI N. K. P. SALVE: The hon. Member will do well to remember that under the Finance Bill, sky is the limit. We can discuss everything.

SHRI SHANKARRAO NARAYANRAO DESHMUKH: It could very well be connected with the Budget, but how is it connected with the Finance Bill?

SHRI N. K. P. SALVE: I think the hon. Members will do well not to teach me parliamentary procedure, whatever else they may have to teach.

What has been happening is, we asked for the constitution of a Development Board in terms of article 371 of the Constitution. This is where the relevance comes. The two Houses of Maharashtra legislature —perhaps you, Madam, were then an MLA —passed a unanimous resolution asking the Government to constitute this kind of a Board. The Board was about to be constituted and on the horizon came someone with opposition to this. And now it is said that instead of constituting the Development Bord, some enactment is going to be made in the State itself which will take care of development. Now if the State was capable nf doing, then...

SHRI VITHALRAO MADHAVRAO JADHAV: Could I disturb you for a minute? Not only the Maharashtra legislature but here in the Rajya Sabha all the Members from all the parties have unanimously passed this resolution. I would like to add this to Mr. Salve's statement.

SHRI N. K. P. SALVE: Constitutionally this provision was made to ensure that the people of the region are not discriminated against and when admittedly it is accepted on all score that there has been injustice done to Vidarbha—I hope even Appa Sahib will not disagree—when even the allocation which had to be made had not been made...

Shri A. G. Kulkarni, I don't object. You should have.

SHRI N. K. P. SALVE: ....we should have a Development Board under Art. 371.

SHRI NIRMAL CHATTERJEE: There should not be discrimination between region within the State but discrimination against the State is valid!

SHRI NI K. P. SALVE: What he is saying is the way Bengal is running away with tremendous aid and assistance, it is discrimination against Maharashtra. Be that as it may all the areas, Vidarbha and Marathwada—I am not excluding Marathwada—wherever this kind of injustice has been done *inter se* in the

[Shri N. K. P. Salve]

region itself. This House and the two Houses in Maharashtra have recommended unanimously that a Development Board should be constituted. Why is the Maharashtra Government--if not the Government, the Chief Minister there--trying to find out a *via media* which will never have any credibility whatsoever? The State Government is responsible for doing this injustice to us. Now the State Government itself is going to implement any programme of development. We have no trust. What is needed is a bare reading of the Constitution.

SHRI A. G. KULKARNI: Who has stopped it?

THE DEPUTY CHAIRMAN: Please let him complete.

SHRI N. K. P. SALVE: Madam, he is asking a question and I am compelled to reply.* It is very unfortunate; I should not have liked to make a reference to him. But, Madam, it has happened.

THE DEPUTY CHAIRMAN: This will not go on record.

SHRI N. K. P. SALVE: I don't think it is on some constitutional grounds or or for constitutional reasons—and I have no time to discuss the constitutional provisions. But it provides in terms that a Presidential Order decides what is going to be the responsibility of the Governor, and when the Governor is responsible for referring the matter in case of a dispute to the Union, what we want is that in case the work of a Development Board is not carried on properly, it is not the State Government but the Central Government which should be given the responsibility. In that view of the matter, all that I want to submit is, I do hope that better sense will prevail among them.

The people of Vidarbha are losing their patience, the people of Vidarbha are in a state where a very difficult situation is likely to be created. We have, all these years, behaved in a manner with the highest of patience, the highest of dignity and the highest of tolerance. There is a limit to tolerance and the people of Vidarbha have reached that limit of tolerance. Now the threshold is very low. I do hope it is realized and appropriate measures are taken to constitute a Development Board in accordance with the provisions of article 371 of the Constitution. Thank you, Madam.

*Not recorded.

श्री राम नरेश कुशवाह (उत्तर प्रदेश): माननीय उपसभापति महोदया, हमारे यहां एक कहावत है —

मंत्री करे न चाकरी, अफसर करे न वर्क
दास मलूका कह गए, सबके दाता क्लर्क ।

माननीया, काम तो कोई करता नहीं। साल में तीन तीन बजट सरकारें बनाती है । बजट में कह देते हैं कि हम कर नहीं लगा रहे हैं या कम लगा रहे हैं । लेकिन बजट से पहले ही तमाम टैक्स लगाकर लोगों के ऊपर ठोक देंगे । दाम भी बढ़ा देंगे । तो यह तो हमारी सरकार की काबलियत है कि किस तरह से वह बजट बनाती है, यानी वह साल में अपना एक बजट भी नहीं बना सकती ।

माननीया, ब्रह्मदत्त जी का जो बजट है यह तो ब्रह्म वाक्य है, मैं इसको बदल नहीं सकता, लेकिन मैं विरोध जरूर करता हूं इस बजट में दृष्टि क्या है ? इस फाइनेंस बिल में आपने क्या किया है ? मेरा आपसे अनुरोध है कि जब तक रीजनल इंबेलेंसिज खत्म नहीं किए जाएंगे, क्षेत्रीय असंतुलन खत्म नहीं किया जाएगा तब तक देश में शांति और व्यवस्था की समस्या सदा बनी रहेगी । सामाजिक असंतुलन, क्षेत्रीय असंतुलन और सी का नतीजा है कि आज अनेक प्रकार की समस्याओं से, हिंसक घटनाओं से देश घिरा हुआ है ।

महोदया, हमारे यहां दो शब्द बहुत प्रचलित हैं । एक "माफिया" और दूसरा "नक्सलाइट" । लेकिन व्याख्या इनकी कोई नहीं करता है । मैं समझता हूं कि "माफिया" उसको कहते हैं जो खुद तो लोकदल में हो, उसका बाप कांग्रेस आई में हों, उसका साला सी०पी०एम० में हो और बहनोई बी०जे० पी० में हो और मामा सी०पी०आई० में हो । यानी उसका हर रिश्तेदार हर पार्टी में हो और किसी भी पार्टी की सरकार बने, लेकिन सरकार उसी की बनेगी । वे दिन-दहाड़े अपराध करें तो थाने में रपट न लिखी जाये । अगर

थाने में रपट लिखी जाये तो गवाह न मिले और गवाह मिल जाये तो उसकी हत्या कर दी जाये । अगर मुकदमा चलाया भी जाये तो उसी का नाना जज है वह भी छूट जाये । तो वह नेता के पास जाता है वह भी नहीं पूछता किसी को । अपराधी को तो नेता ही बढ़वाते क्योंकि बथ कैप्चर करके उन्हें असेम्बली या पार्लियामेंट में भेजा जाता है । नेता भी उसके खिलाफ नहीं बोलता । थाने-दार नहीं बोलता, एडमिनिस्ट्रेशन वाले नहीं बोलते, दूसरे अधिकारी नहीं बोलते । जुडिशियरी नहीं बोलती । उसके साथ पूरा न्याय नहीं कर पाती । दिन-दहाड़े जो अपराध करे, मूंछ ऐंठ कर घमे वह है माफिया और जिसको वह सताता है, जिसकी मदद में न नेता आये, जिसकी मदद में न अधिकारी आए, जिसकी मदद में न जुडिशियरी आये, चारों तरफ से निराश हो जाये, मारा जाये, सभी तो नपुंसक है नहीं, इसलिए कुछ लोग निकल आते हैं बदला लेने के लिए अपने तरीके से तो उनको नक्सलाइट कहा जाता है । ये दोनों पैदाइश हमारी वर्तमान सरकार की है । दोनों वर्तमान शासन प्रणाली से पैदा हुए हैं और जब तक सामाजिक न्याय नहीं होगा तब तक ऐसी स्थिति में परिवर्तन नहीं होगा क्योंकि उन अपराधियों के रिश्तेदार सभी जगहों पर बैठे हुए हैं । और अब कोई छिपी हुई बात नहीं है जातिवाद की । इसके चलते किसी को न्याय नहीं मिलता । जब तक आरक्षण करके इन जगहों पर उन लोगों को नहीं बैठाया जायेगा तब तक सामाजिक न्याय नहीं मिलेगा और जब तक सामाजिक न्याय नहीं मिलेगा तब तक यह माफिया और नक्सलाइटवाद का मामला बढ़ता ही जायेगा, घटने की कोई सम्भावना नहीं है । हम लोग जितना यहां पर सदाशयता बघारें लेकिन वास्त-विकता से मुंह नहीं मोड़ सकते ।

ग्राम आवास का क्या हो रहा है ? हम हरिजनों के आवास के लिए योजनाएं बना रहे हैं । पैसा भी देते हैं लेकिन हरिजनों का आवास कहां बनता है ? हरिजनों के लिए दुकानें कहां बनती हैं ? हरिजनों के लिए आवास और दुकानें वहां बनती हैं जहां रहने लायक जगह नहीं है । उन जगहों का तो भगवान ही मालिक है । देवरिया और बीघम्पुरा जगह है, वहां पर आवास बन रहे हैं । वहां के लोगों ने हमें कहा कि आप वहां चलिये और देखिये । मैं वहां गया और देखा कि कई दीवारें गिर चुकी थीं । अभी मकान बन रहे हैं और गिर भी रहे हैं । साथ-साथ दोनों काम हो रहे हैं । दो-एक दीवार खड़ी थीं । उन लोगों ने कहा कि इसमें नींव वगैरहा कुछ नहीं है जरा धक्का लगाकर देखिये । मैंने जब हाथ लगाया तो सब गिर गया । जिला अधिकारी से जब मैंने बात की तो बताया कि पता नहीं क्या किया, क्या नहीं किया । तो हालत यह है । जो हम पैसा दे रहे हैं उसका आधा निश्चितरूप से काले धन में, मुनाफे में, कमीशन में चला जाता है ।

हमारे यहां गंडक नदी है । गंडक नदी पर बांध बना हुआ है । उसको कमाऊ-खाऊ बांध हा लोग कहते हैं । उत्तर प्रदेश के बांध तो भगवान जाने, वे तो किसी लायक हैं ही नहीं और उसके साथ बिहार का जो हिस्सा पड़ता है वहां के बांध भी बार-बार टूटते हैं । मैं आपको बताना चाहता हूं कि वहां पर पहले तो बालू डाल दिया जाता है और फिर ऊपर से बाऊल्डर कर दिया जाता है । लेकिन जब पानी पड़ता है, पानी आता है तो बाऊल्डर भी बह जाता है और बांध भी टूट जाता है । बिहार सरकार उस पर कोई ध्यान नहीं देती । नदी उसकी है, बांध उसका है लेकिन जब बांध टूटता है, डूबता है तो उत्तर प्रदेश का देवरिया जिला । तो देवरिया जिला डूबता है । बाढ़ की विभीषिका के बारे में श्री कल्पनाथ राय जी यहां पर बैठे हुए हैं, वे जानते हैं । तीन नदियों का हमने अध्ययन किया है-- घाघरा, छोटी गण्डक और बड़ी गण्डक । बाढ़ देवही घाट पर आजमगढ़ जिले को काट रही है । 25 मीटर और काट दे तो यह ड्योढ़ी घाट पर चली जाती है और उधर ताल रतिया तक पहुंच

[श्री राम नरेश कुशवाहा]

जाती है । पुरानी सरयू का पानी बाढ़ के कारण बढ़ जाय तो वह श्री कल्पनाथ राय जी के घर तक चला जाएगा और पूरा आजमगढ़, बलिया आदि तबाह हो जाएंगे । इसी तरह से बड़ी गण्डक बासी को काट रही है । बासी नदी के पास थोड़ा पानी और बढ़ा तो उसकी विभीषिका और बढ़ जाएगी । ये सभी नदियां अपने बायें को काट कर रास्ता बना रही हैं । ये दक्षिण की तरफ को बढ़ रही हैं । अगर इसी प्रकार से हो सरकती रहीं तो देवरिया, आजमगढ़ और बलिया पूरी तरह से बर्बाद जाएंगे और प्रलय का दृश्य उपस्थित हो जाएगा । इसलिए इसके स्थायी समाधान के लिए योजना बनाई जानी चाहिए । लेकिन सरकार की तरफ से इस ओर कोई ध्यान नहीं दिया जा रहा है । टेम्परेरी काम करने से बाढ़ की इस समस्या का समाधान नहीं हो सकता है । आग लगने पर कुंआ खोदना कहां की बुद्धिमानी है । इसलिए जब तक आप बाढ़ की समस्या का स्थायी समाधान निकालने के लिए कोई योजना नहीं बनाएंगे तब तक बाढ़ की समस्या का समाधान नहीं हो सकता है ।

मान्यवर, हमारे देश में दाम बेतहाशा बढ़ते जा रहे हैं, मंहगाई बढ़ती जा रही है। इसका सबूत यह है कि आप हर तीन महीने या चार महीने में कर्मचारियों की तनख्वाह बढ़ाते रहते हैं । कर्मचारियों की तनख्वाह घोड़े की चाल से बढ़ रही है और किसानों की चीजों के दाम कछुए की चाल से बढ़ रहे हैं । इन दोनों में कोई मेल नहीं है । काले धन की यह स्थिति है कि 40 हजार करोड़ रुपये से लेकर 80 हजार करोड़ रुपये तक देश में कालाधन बताया जाता है । कुछ लोग तो इससे भी ज्यादा कालाधन देश में बताते हैं और विदेशों में 25 हजार करोड़ से लेकर 30 हजार करोड़ तक कालाधन विदेशी बैंकों में जमा बताया जाता है । अब आपको इन सब बातों का पता हो गया है । अगर देश का धन विदेशों में जमा होगा तो देश के लिए क्या बचेगा ? देश में लोग क्या खाएंगे आप चाहे कितनी भी तरक्की कर लें, उसका फायदा आम लोगों को मिलने वाला नहीं है । आपने कहा है कि हमने 15 करोड़ टन अनाज पैदा किया है । लेकिन मैं पूछना चाहता हूं कि यह कितने लोगों के लिए खाने के लिए है ? एक किलो अनाज का अगर सत्तू बनाया जाय तो तीन पाव बनता है और एक किसान दिन भर में एक किलो अनाज खा जाता है । वह दो तीन वक्त खाता है । साल भर में लगभग 9 मन अनाज एक आदमी अगर खाए तो एक टन अनाज तीन आदमी साल भर में खा जाएंगे । इस प्रकार से आपका यह 15 करोड़ टन अनाज 45 करोड़ लोगों के लिए होता है । अगर थोड़ा यह भी मान लें कि शहरों में रहने वाले कम खाते हैं या यह मान लें कि शारीरिक श्रम कम करने वाले लोग कम खाते हैं... (व्यवधान)

श्री राम चन्द्र विकल (उत्तर प्रदेश): शहरों में रहने वाले दिन भर में ज्यादा खाते हैं ।

श्री राम नरेश कुशवाहा : विकल जी बता रहे हैं कि शहरों में रहने वाले ज्यादा खाते हैं तो हमारा हिसाब और भी सरल हो जाता है यानी हमारा 15 करोड़ टन अनाज सिर्फ 45 करोड़ लोगों के लिए है । इसके बाद भी सरकार बार-बार कहती है कि हमारे गोदाम भरे हुए हैं, हमारे पास अनाज रखने के लिए जगह नहीं है । ऐसा क्यों है ? यह इसलिए है कि ... (व्यवधान)

श्री विठ्ठलभाई मोतीराम पटेल (गुजरात) : यह सरकारी गोदामों का हिसाब है । किसानों के पास अनाज अलग है।

श्री राम नरेश कुशवाहा : इसलिए मैंने कहा कि आप शहरों में रहने वाले हैं, इसलिए किसानों की बात नहीं जानते हैं । आपको तो शहरों में गोदाम भरे हुए दिखाई देते हैं । आपको किसानों के खाली गोदाम दिखाई नहीं देते हैं ।

मैं कोई कागज पढ़कर बात नहीं कर रहा हूं, मैं हकीकत की बात कर रहा हूं । जिस देश में खाने के लिये केवल 45 करोड़ लोगों के लिये अनाज है और फिर भी गोदाम में रखने के जगह नहीं है तो इसका मतलब यह है कि वहां 37 करोड़ लोग भूखे रहते हैं । कहावत है कि विभुक्षम किम् करोति न पाप्म् । भूखा आदमी कौन सा पाप नहीं कर सकता । समाज में न्याय नहीं है, पेट में अन्न नहीं है, फिरजा तो अंजट होगी, चोरियां होंगी, हिंसा बढ़ेगी । उस वक्त प्रधानमंत्री श्रीमती इंदिरा जी ने कहा था कि देश से अगर गरीबी नहीं मिटी तो देश में खून-खराबा हो जायेगा लेकिन यह सरकार उनकी इन बातों को याद नहीं कर रही है। आपको याद रखना चाहिए कि आप एक ज्वालामुखी पर बैठे हुए हैं । आज एक और देश में 35 करोड़ लोग आधा-पेट या बिना खाये रहते हैं और केवल 45 करोड़ लोगों के लिये खाना आपके पास है और दूसरी ओर सचमुच जैसा आप कह रहे हैं चूरण खाकर लोग खाना पचा रहे हैं । इसलिए इन दोनों में आपको तालमेल रखना पड़ेगा । महोदया, खेती की लागत लगातार बढ़ती चली जा रही है । गेंहूं का मैं एक उदाहरण देना चाहता हूं । आजाद कृषि विश्वविद्यालय कानपुर की रिपोर्ट 1984 की है कि 228 रुपये प्रति क्विंटल के दाम बढ़ गये हैं । लागत है आप देखिये कि कितनी है 162 और बचा कितने में है 210 पर और 15 सौ रुपया उस पर अनुदान देते हैं घाटे को पूरा करने के लिये और अगर इन सब को मिला दिया जाय तो ढ़ाई सौ रुपया प्रति क्विंटल पड़ता है । बनिये को आप ब्लैकमार्केटियर कहते हैं, हम भी कहते हैं लेकिन खर्च काटकर एक रुपया बोरी भी अगर बनिये को मुनाफा मिले तो वह दिल्ली का माल लेकर मद्रास में पटक देगा । एक सौ रुपया मुनाफा लेने की बात कहते हैं और घाटा लगा रहे हैं, क्यों आप यह सफेद हाथी पाले हुए हैं ।

माननीय, आपको किसानी माल, कारखानी माल और तनख्वाओं में संतुलन कायम करना पड़ेगा । अगर आप दाम नीति तय नहीं करेंगे तो यह संभव नहीं है । आप इसके लिये कोई न कोई सिद्धान्त निश्चित कीजिए । आज भी आप एक बिन्दु मान लीजिये कि जितनी मंहगाई किसानों की बढ़ेगी उतनी ही मंहगाई मजदूरों की बढ़ेगी और उसी के हिसाब से उनकी तनख्वायें बढ़ेंगी तथा उसी हिसाब से कारखानी माल के दाम बढ़ेंगे । अगर घटते हैं तो तीनों के घटाइये और अगर बढ़ते हैं तो तीनों के बढ़ाइये । अगर आपकी एक तरफा मुहब्बत होगी और एक के बढ़ते जायेंगे और दूसरों के घटते जायेंगे तो इससे देश तबाह हो जायेगा, देश में शांति नहीं रह पायेगी ।

दूसरी बात मैं आपसे यह कहना चाहता हूं कि लघु उद्योगों के लिए हर तरह का कर्जा आप देते हैं बैंकों के माध्यम से । लेकिन माननीय मंत्री जी, मैं आपको बताना चाहता हूं कि बिना 10 प्रतिशत कमीशन दिये ब्रह्मा भी कर्जा नहीं ले सकता ।

उपसभापति : आप खत्म कीजिए ।

श्री राम नरेश कुशवाहा : मैं खत्म कर रहा हूं ।

बगैर 10 प्रतिशत कमीशन लिये कोई भी कर्जा नहीं मिलता । शिक्षित बेरोजगारों के लिए आपने जितना सेक्शन किया है उनको उतना नहीं मिला है, आप पता लगा लीजिये और उनको बुलाकर पूछ लीजिए । जिहोंने कमीशन नहीं दिया उनको नहीं मिला और जिन्होंने कमीशन दिया उनको मिला । इसका क्या कारण है ?

शोर मचा है गुलशन में बतलाओ मेहरबां क्या होगा ,

हर साख पे उल्लू बैठा है अंजामे गुलिस्तां क्या होगा ।'

[श्री राम नरेश कुशवाहा]

छोटे छोटे उद्योग जितने आप लगा रहे हैं रिश्वत देने में, अफसरों को खुश करने में सारी पूंजी खत्म हो रही है। बिजली मिलती नहीं, रिश्वतखोरों को रिश्वत दी जाय, बैंकों को कमीशन दिया जाय इसमें ही सारी पूंजी चली जाती है। इसलिये मेरा आपसे विनम्र निवेदन है कि इस पर आप कन्ट्रोल कीजिये और वास्तविकता से नाता जोड़िये। आप वास्तविक बनिये। पोथी पढ़कर नहीं। पोथी तो आप पढ़ेंगे ही और मान्यवर, पढ़नी भी पड़ेगी लेकिन आपको वास्तविकता की भी जानकारी प्राप्त करनी चाहिए। एक ही उदाहरण काफी है। प्रधान मंत्री जी अपने निर्वाचन क्षेत्र में गये थे और पानी के लिए नल गाड़े थे और जब उन्होंने नल चलाया तो पूरा मुंडा समेत उखड़ कर के चला गया। यह प्रधान मंत्री जी के सामने की बात है, उनके निर्वाचन क्षेत्र की है, सारे देश की नहीं है। बटोलिया का एक चावल हाथ में ले कर बताया जा सकता है कि सारा चावल पका है या कच्चा है। प्रधान मंत्री जी के निर्वाचन क्षेत्र में अगर यह हाल है तो सारे देश का क्या हाल होगा इसका आप अन्दाज़ा लगा लीजिए।

SHRI N. E. BALARAM: Madam, Deputy Chairman, now, we are at the last stage of our debate on Budget. I would like to draw the attention of the Minister only to some important points which I think the Minister should consider when he gives the reply. All of our regard the Budget as the most important weapon in the hands of the Government to manage the economy. The Finance Bill introduced by the Finance Minister has already unmasked the real nature of our economic policy. One hon. Member from that side was saying that the main thust of this Finance Bill is to give relief or to raise the living conditions of the common people. That is the main thrust of the Finance Policy and the intention of the Finance Bill. At the very outset, I would like to say that I do not agree with that. According to me the mainthrust of this Finance Bill is to give encouragement for the private sector because the understanding of the Government is to give encouragement to the private sector which they regard as the best course to the growth of our economy. That is what I have understood while I was going through this Finance Bill. I do not agree with that proposal at all. Now, I think, we are gradually shifting away from an independent path of economic development after the declaration of the new economic policy of the Government and we are now giving more and more support to the private sector. If we choose this path, I think, we are going to face serious crisis in our economy. Even now if you examine the different sectors of the economy, you can see slowly a stagnation is there in certain sectors of economy like

The Vice-Chairman (Shri G. Swaminathan) in the Chair.

engineering industry, auto-mobile industry and chemical fibre industry, in all these sectors, there is a sort of stagnation going on there due to the demand recession. I am not going to expand that point. Why I would like to raise this point is that if we give the total picture saying that the economy or the industry is going at a 5 per cent growth rate, you can say like that. But if you examine different sectors, you can see that a sort of stagnation is slowly developing there. More over, if you have a closer look at the non-plan expenditure, it is alarming. It is growing in an alarming way. If you check up the non-plan expenditure for the last five years, it has gone up by five times whereas the revenue income has grown only by two times. So, the non-plan expenditure is growing alarmingly. I have tried to look into these features made by Finance Minister on two occasions—one on the occasion of the introduction of the Budget proposals and the second on the introduction of the Finance Bill. I do not know what steps they are going to take to curtail non-Plan expenditure. That is a very important aspect where the Government must pay its attention because expenditure is growing, non-Plan expenditure is growing, in such a way that, I am afraid, in the near future it is going to create so many problems for our economy. Many things have been

said by my friends on this side. I would like to confine myself to two or three points. One is the problem of black money. Recently the Estimates Committee submitted its 48th report. In that report the Estimates Committee has expressed its concern over the alarming magnitude of black money. The Committee held that the Central Board of Direct Taxes—the CBDT—though it was given sufficient powers, failed to achieve the declared objective of unearthing the six lakh assessees in a year. That is what the report has said. It is a very serious statement. On a question like black money about which we were debating for the last so many years, especially during the last two years, where do we now stand, after all this debate? We are helpless. The Government is helpless in tackling this problem. They tried to appease the black money sector by declaring amnesty for some years. What was the result? Black money has gone deeper and deeper underground. It has not surfaced at all. You are not able to tackle that problem—black money inside the country and black money abroad. There is black money in both places. This causes us grave concern. I do not know what the Government is going to do. Where do we ultimately stand on the question of blackmoney? Unfortunately, Shri V. P. Singh has become the sacrificial lamb before the altar of black money. I do not know where we are now on the question of inquiry into Fairfax...

SHRI KALPNATH RAI (Uttar Pradesh): You have justified it.

SHRI N. E. BALARAM: I dont justify it. You are asking a different thing and I am trying to say a different thing. What I am trying to draw the attention of the honourable Minister to point this: Can we do something about that matter? I would suggest two things. One has already been suggested by my friend, Prof. Lakshmanna. The Minister should think about it seriously. Can we make some amendment to the terms of reference? I think we can do it. At this stage also we can make some changes in the terms of reference to the Thakkar Commission, to go into the source of black money and to make inquiry into the black money abroad. It is not too late. It can be done even at this stage if we are very serious about it. This is not to criticise the Government but the Government is taking a very soft attitude towards black money. If the Government is very serious about this problem, they can do two things: (1) amend the terms of reference to the Thakkar Commission so that it can go into the question of black money. (2) I understand that if our Government seriously takes up this question with the Swiss Government, there are no serious difficulties for the Swiss Government to tell us about the black money deposits, the illegal money transferred to the Swiss banks. If we want to seriously tackle this problem, if we take it up with the Swiss Government, I think we can get sufficient information about the black money deposits in Swiss banks. I do not know what is preventing the Government from choosing such a course. So, these two suggestions I want to make at this juncture. One is to amend the terms of reference so that the Thakkar Commission can go into the question in detail and the other is that the Government itself should take up this issue with the Swiss Government. The former Finance Minister was telling the other day that the amount of deposits in the Swiss banks would come to about Rs. 1,300 crores. It is a very big amount. If we can find that and if the Government can take some measures by contacting the Swiss Government, that would be better and I think this is the time for the Government to do it and if they can do it, they can get some information and they would be able to tackle the problem in a more serious way. This is one of the problems which I wanted to raise.

The other thing is about agriculture. Recently, there was a discussion on agriculture, particularly on the production of foodgrains. It has been stated that our country is self-sufficient and our economy also is on a sound basis. I think this is only partly true. I do not deny the fact that the production in the agricultural sector has increased; it has increased. But if you take the statistics for the last two or thre years, you will see that this is also stagnating around 150 million tonnes. Foodgrains production is stagnating at 150 million tonnes and it is not increasing and it is not improving. That is only one side of the picture. What is the other side of the picture? The other side

[Shri N. E. Balaram]

of the picture is that even though, according to the newspaper reports, we have about 3 million tonnes of foodgrains in stocks. According to the debates that are going on in different State Assemblies, there is a new phenomenon now which the Government should take note of. There are debates and debates on the starvation deaths that are taking place in India which we did not hear about for the last ten years or so. This is a new thing. There are reports about this and there were heated debates in the Orissa Assembly, in the Andhra Pradesh Assembly and in the Rajasthan Assembly about starvation deaths. When these starvation deaths are there, what is the meaning of your tall claim that you have got 150 million tonnes of foodgrains production in India? That is why I would like to ask you: What is the point in that? Nothing. You have got stocks. But for what? If you have got sufficient stocks of foodgrains, how do you explain this new phenomenon of starvation deaths that are there now about which we did not hear for the last ten years or so? Now this has come and it is a bad thing. In the Rajasthan Assembly there were heated debates and the Minister was telling that they were not starvation deaths, but they were natural deaths!

SHRI SATYA PRAKASH MALAVIYA (Uttar Pradesh): In Eastern U. P. also.

SHRI N. E. BALARAM: Yes, in Eastern U.P. also, there have been starvation deaths. In the Orissa Assembly, there were heated debates and the Minister was explaining that they were not starvation deaths, but these deaths were natural deaths! So, the quarrel is about how the people die! Without bringing in any party politics, if you agree that there are starvation deaths in India, then it is a very very bad thing which is to be taken note of by the Central Government. You say that the foodgrains production has increased. But the people are not able to purchase their daily necessities because of the rise in prices, not only because of the rise in prices, but also because of unemployment. These two negative things are growing. On the one hand, you say that the foodgrains production is growing. On the other hand, I say that these two negative things are growing. Unemployment is growing and the purchasing capacity of the people is dwindling and, because of these things, starvation deaths are taking place which are gradually coming to the surface now. These are the negative sides of the development of our economy which we should not overlook.

In this context, I would like to say that you are often talking about the anti-poverty programmes. It is very good. But to one point I would like to draw the attention of the honourable Finance Minister. Nowadays, you are not talking much about the fifth item in the 20-Point Programme, that is, about land reforms. What happened to the issue of land reforms?

SHRI KALPNATH RAI: Yes, that is the basic thing.

SHRI N. E. BALARAM: Yes, it is the basic thing. I can give you one example. I know about Tamil Nadu and I know about many other parts of the country. There are a large number of big landlords who are keeping lands and who are not prepared to part with their lands and the Government also is not prepared to distribute the surplus lands according to the Land Ceiling Act. It is not being done. And I don't want to mention the name of that particular gentleman who is a member of the ruling party, who is a top most leader of the ruling party, who is a General Secretary of the ruling party. He has got more than 6000 acres of *benami* lands in one particular State. I do not want to mention the particular name. He is not here. So I do not want to mention his name. (*Interruptions*)

SHRI KALPNATH RAI: Tell us who is he?

SHRI N. E. BALARAM: One of your General Secretaries; you find out.

SHRI KALPNATH RAI: Rajeshwara Rao? (*Interruptions*)

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I would advise Members that if they want to ask anything, they should stand up and ask. If the other gentleman is yielding, you can ask.

SHRI N. E. BALARAM: I am not yielding. When he gets time, he can speak. The General Secretary is not serious about implementing your own party programme, 20-point programme. Many of the State Governments which are controlled by the Congress (I) are not serious about implementing these land reforms. Why do you talk about the 20-point programme? Why do you talk about the anti-poverty programme? I charge you with that. That is why you are having the 20-point programme. You are not doing it on a non-party basis.

Now, coming to the third point, Sir, recently there was a conference held by six non-Congress (i) Chief Ministers in Delhi. They have made certain suggestions to the Government. Some of them are very important, according to me, Sir. They are very important. I do not know what is the attitude of the Government towards the problem which they have raised. I think they have already submitted a Memorandum to the Prime Minister. One of the problems, for instance, they have raised, and to which I would like to draw the attention of the hon. Minister is.....

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): The hon. Member ber has far exceeded his time. There are many others to speak. The hon. Prime Minister has to reply....

SHRI N. E. BALARAM: I will finish within three or four minutes, I assure you.

One thing now is that the Government of India has adopted a new method to find out finances for its own purposes, that is, the policy of increase in administered prices for the last two or three years, with the result that the prices are increasing. It is admitted by the Government itself that 30 per cent of increase in prices is due to the increase in the administered prices. But since this sort of method is adopted by the Central Government and since they are not going to increase the excise duty, etc., etc., the money that can be given to the State Government they are not getting because of this new method of the Central Government. So, in one of the demands they have said that 40 per cent of the collection which they get out of the administered prices should go to the State Governments. This is one of the demands made by the Chief Ministers' Conference. Now the country is facing a very serious situation. In every State, drought conditions are prevailing. Even drinking water is not available in large parts of the country. And this year some 7 or 8 States have demanded Central aid of about Rs. 4,000 or Rs. 5,000 crores. But the money sanctioned was only Rs. 500 crores. Due to lack of money the States are suffering, and they are not able to implement the programmes and they are not able to give even the minimum drinking water to the people. That is the position. So, the Chief Ministers have recently suggested certain changes in relation to the economic policy. They placed those demands before the Central Government. So, those must be gone into by the Government, and they must be sympathetically considered. It is not only a question of sympathetic consideration, but if you want the States to function in a prompt way and if they have to do the development work, if they have to improve the living conditions of the people, then the Central Government must take a very positive attitude towards the problems faced by the States.

Sir, these are some of the points to which I wanted to draw the attention of the Government in the debate on the Finance Bill. Thank you, Sir.

[Shri N. E. Balaram]

SHRI A. G. KULKARNI: Mr. Vice-Chairman, Sir, while supporting the Finance Bill, I have to draw the attention of the Government to certain important aberrations and weaknesses to which the Budget has not given proper attention. Sir, they say that this Budget, as per the Seventh Plan, is a potent instrument of economic policy, an instrument of re-allocation of resources according to national priorities. Mr. Vice-Chairman, Sir, I have actually analysed this Budget in regard to the national priorities. Sir, the Budget and the Economic Review say that there is a strong evidence that the economy is on a new growth path. I agree that the economy is on a new growth path. But, Sir, it is very necessary to go into the micro-analysis of this growth path which has been indicated by the Planning Commission in the Seventh Plan document as also in the Budget thrust. It is very necessary to find out what this growth path is. Sir, if we go through the beneficiaries of the Budgets and the various Plans which we have formulated, it seems that even in the Economic Survey of 1986-87.... *(Interruptions)*

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): Order, please. You please go ahead.

SHRI A. G. KULKARNI: Sir, from the Budget and from the Economic Survey of 1986-87, it seems that the fastest growing sector is the service sector. Sir, if I may say now the service sector has increased, it will be seen that leaving aside the Defence which has an increase of 42 per cent—there I have got no objection because the security environment needs it—the police has 15 per cent, the interest burden has 22 per cent. The impact of the Pay Commission is Rs 2200 crores. Then, on what you call the cultural programmes, it is about Rs. 600 crores. And the Non-plan expenditure is of Rs. 31,867 crores. These are some of the items which are showing how this service sector is growing. If we go through again the growth between 1976-77 and 1985-86, the growth of service sector is from 16.5 per cent to 33 per cent. Again the primary sector and the physical goods sector has come down from 65.4 per cent to 58.8 per cent. What is the casualty? Who is the sufferer in this? Sir, the meaning of the decline is that primary sector is not contributing by increase in the secondary sector, but contributing to the increase of service sector. One must consider really the imbalance in the growth due to budgetary policies. And particularly this is creating a small sector, what is called a small affluent sector, at the cost of masses on poverty line. Sir, the Chakravarty Committee which has gone into this has observed that such growth and gross domestic saving which increased from 10.2 per cent in 1951 to about 24.7 per cent, which my friend Mr. Salve referred to about the spectacular growth in the investment sector, however, the sectoral composition has not changed. The Committee observed that the physical assets of the primary sector which were 63.3 per cent of household sector declined to 45.9 per cent in 1983-84. So, this is what you call the budgetary and finance policies which has affected this sector while financial assets of the service sector has grown by 54.1 per cent. The question is what percentage of the households in the economy are accounting for this saving. What Mr. Salve was saying is this. What is the percentage which is accounting for this 24.7 per cent? Sir, NCAER study says that the bottom 70 per cent, *i.e.* 40 per cent below the poverty line and 30 per cent on fence has contributed 6 per cent to saving. While the top 10 per cent contributed to 68 per cent and the remaining 5 per cent, about 50 per cent. It seems so, Sir. What is the growth that is increasing or what is the growth which is supposed to get accelerated or created tiny islands of affluence and that is why I am particularly drawing the attention of the Finance Minister that this household sector, this primary sector, the people living in the rural areas are the casualty in all the plans and

many budgets have done that. I am not claiming and I do not assert that the provisions have not been made. But what I want to say is that service sector is eating away much of the resources reserved for this primary sector.

Sir, again if we take the Government expenditure as I have already mentioned particularly the police expenditure and the subsidies, I want to make a suggestion that whatever subsidies we are giving, I think they have gone up to Rs. 4,000 or Rs. 5,000 crores. I am not an economist. Perhaps Mr. Pranab Mukherjee is the competent person to speak on that. But, Sir, I dare to say that I would request the Government to have a review of the subsidy on fertiliser because 70 per cent of the agriculturists are in the small scale sector and not above 2.5 hectares maximum. Who is getting this subsidy? Subsidy is given to those farmers who are producing mostly the cash crops or commercial crops and horticulture. It will be in the interests of the people living below poverty line and particularly the small agriculturists that a review is taken of this. Because I see in this the Pay Commission Report, which you may please leave aside, even the Festival of India about Rs. 600 crores goes directly to the service sector. But

2 P.M. the biggest point is, the non-plan expenditure seems to be about Rs. 31,367 crores. These are the figures. The pubic debt is about Rs. 1,68,000. crores. These are the points which are creating the imbalance, particularly on the fortunes of the people living below poverty line.

I come to the agricultural sector wherein I am mostly interested.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I would like to inform the hon. Member that the hon. Prime Minister is replying at 2.45, and there are still ten more speakers to speak.

SHRI A. G. KULKARNI: This is my first speech on the Budget. I have not spoken for the last three months. This is my first speech. Please allow me. My colleague, Mr. Salve, took 25 minutes....

SHRI VICE-CHAIRMAN (SHRI G. SWAMINATHAN): You are a senior Member, and what I am saying is that you please try to conclude.

SHRI A. G. KULKARNI: I am drawing the attention of the Prime Minister. Even as a partyman, I want to draw the attention of the Prime Minister. We are sitting on a volcano if we ignore the agricultural sector. Sir, agitations are going on, right from Punjab. Leave aside the terrorists. Farmers' agitation is going on there. In Gujarat also and also in Maharashtra, these agitations are going on. It will spread to Andhra Pradesh, to Tamil Nadu and to U. P. So, what I say is, agricultural sector has become a casualty. When Shrimati Indira Gandhi was the Finance Minister, she assured this House—and I was a Member of this House—that the terms of trade will be so arranged that agricultural sector will not be a sufferer. I would pray to the new Prime Minister and Finance Minister. He is a young dynamic person. He has to see that agricultural sector is benefited. There have been many studies made on the terms of trade. Dr. Swamy made a study and there are many articles on this, and he gave a staggering figure of Rs. 45,000 crore that has been transferred from the rural sector to the urban sector. These are the terms of trade, and there is a difference between the agricultural prices and manufactured prices and Rs. 45,000 crores stand transferred to urban sector. These are the adverse terms of trade along with high interest rate, high cost of fertilizer and electricity, irrigation etc. and unless these costs are reduced, these terms of trade will not be favourable to agricultural community, and all these agitations will reach such

[Shri A. G. Kulkarni]

a stage where the Government will not be able to stop it.

Take the new textile policy. The sum total of the new textile policy is, it is against the cotton growers' interest. Is it the intention of the Government to formulate a policy which goes against the interests of the cotton growers, the cane growers or the oilseeds growers? So, I am drawing the attention of the Government particularly to this aspect of the terms of trade where an about-turn must come so as to benefit the agriculture which is the primary sector. Agriculture is the base of our economy and I would request the Finance Minister to see that these terms of trade are turned to a favourable position for the agriculturists.

About irrigation, we have created irrigation potential of 20.8 million hectares. But Sir, what I find is that 25 per cent of this irrigation potential is unutilised. According to an assessment made by Mr. Vohra who is an expert in this, a large portion of the land has gone out of cultivation because of salinity, erosion, waterlogging etc. This is a very serious problem. What we are doing is, we are investing, we are injecting, funds in different projects but the land use is coming down.

Similarly, Sir, about 2.31 lakh villages are without a single source of water. The delays and wasteful expenditure have aggravated the problem. One study says that in the case of 16 irrigation schemes, the cost escalation has been of the order of 562 per cent; that is, the projection was Rs. 14,000 crores and it has gone up to Rs. 21,000 crores. What I want to stress is that agriculture has not been given that much attention which it should have been given.

Then, Sir, there is the IRDP and NREP and other programmes. Here, I would like to refer to our experience of the old days. At that time, we were enthused by Pandit Jawaharlal Nehru's assertions about socialistic pattern of society etc. We were very much involved; the people were involved in these programmes. Shri S. K. Dey was the Minister of Community Development at that time. We, the workers, were very much involved. But what is the position now? You know how much corruption is there in the implementation of these programmes. According to the reports of the various State Governments and evaluation made by the Planning Commission itself, nearly 25 to 45 per cent of the money does not reach the persons for whom it is meant. There has to be involvement of the workers, political workers. You need not have a cadre-based party for that. There is no need for a cadre-based party. I would suggest that the Seva Dal workers, for example, should be involved in the implementation of these programmes. At present, what is going on? At the district level, you have a committee for the IRDP, NREP etc. Nothing happens. Only discussions. The tahsildars and the mamlatdars go on enjoying the employment guarantee scheme the IRDP, funds. I would suggest that the involvement of the workers is more important than the other aspects of the poverty-alleviation programmes.

My friend, Mr. Salve, mentioned this point. Prof. Lakshmanna also mentioend it. I am afraid, even with this Budget, it seems, the consumer price index for workers which is at 8.4, is a danger signal. Similarly, money supply which was 15.5 per cent in 1985-86 has risen to 18.5 per cent. Net bank credit to Government has gone up to 20 per cent against 16 per cent. The industrial growth is sluggish; 7 to 8 per cent, from 8 to 9 per cent. Non-food advances by commercial banks came down to 14 per cent from 16 per cent. These are the danger signals. I think, inflation is round the corner. The Government will be well-advised to go into the inflationary character of the Budget.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I would request

the hon. Member to conclude as early as possible.

SHRI A. G. KULKARNI: I am concluding. I know I have taken twenty minutes. Sir, this morning, we discussed the position of the capital goods industry, the position of the engineering industry. Industry is sluggish. Whatever we may say, industry is sluggish and it is sluggish because there is no purchasing power. Take the example of textile. It is an essential commodity but there is no purchaser of cloth. We say that so many persons have been brought above poverty line, but where has the many gone? If there is purchasing power, Shri Kalpnath Rai or myself will purchase the cloth needed for us, but there is no purchasing power. That is why the industry is sluggish. The slogan like 'left of centre or right of centre' have no meaning unless the country becomes economically strong. Ours is a socialist State. It has adopted a socialist pattern and I feel the Government will be well advised if it injected money in the primary sector, in the agriculture sector so that the growth of these sectors will give strength to other sectors. But we are having a topsy turvy consumeration society. The service sector has expanded like anything. The police force, the offices bank offices, etc. come up like anything. What are the pay scales? The organised labour is holding the unorganised labour, whether in agriculture or any other sector, to ransom.

Sir, I have not touched the public sector at all. What is their position, what is their contribution? They are expected to contribute Rs. 35 crores in the Seventh Plan. Is there any possibility of this? The result will be that the deficit will increase and ultimately, it will generate the inflationary trends in the economy.

I would, therefore, request that all these points be considered by the Government.

SHRI PRANAB MUKHERJEE (Gujarat): Sir. Vice-Chairman, Sir, while taking part in this discussion, when we are going to concur with the other House to give our seal of approval to the financial proposals for which discussions in the House and outside the House have taken place for the last 9 weeks, I do feel, perhaps these things have lost priorities in our mind When we are having serious problems, particularly in certain areas of our economic management, to my mind, I may be wrong, non-issues are dominating our mind and action. I agree with Mr. Salve when he observed that the attention which this House received on some juicy aspects over which we debated, the hard economic issues did not receive that much attention.

Sir, when we go through various budget proposals as formulated in the Budget document and taxation provisions incorporated in the Finance Bill, we find that there are, no doubt, certain areas of delight and pleasure, particularly, in the areas of providing fund to the Seventh Plan. As per Budget document, in the first three years of the current Plan we have been able to provide fund to the extent of 63 per cent in real terms as against 41 per cent during last Plan. No doubt it is commendable. Similarly revenue realisation is encouraging. In the first two years we have reason to be satisfied on the revenue realisation side.

Coming to the Plan, we are happy that we have been able to fund the Plan to the extent of 63 per cent in real terms. But in what way? As Mr. Kulkarni has very correctly pointed out, the earlier projection in the Planning Commission was that Rs. 35,000 crores should come from the public sector savings to fund the Plan. If you go through this document—Budget At a Glance—you will find what wide variations have taken places, so far as budgetary support and internal resources of the public sector are concerned, in funding the public sector plans. The Planning Commission's projection was, in the first year it should be 60:40—40 per cent budgetary support and 60 per cent internal resources of the public sector. In

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actual practice it was 66:34. In the second year, the ratio should have been 52:48; actually it was 63:37 and a new area has been brought in as public sector bonds. To my mind it is nothing but budgetary support. After all you are drawing from the same source; the kitty is the same. It is not that if it would not have been converted into public sector bonds, it would not have come to the banking sector or any other financial assets. When the Planning Commission makes an assessment of the total resource availability, they take into account all the things. Therefore, this 6 per cent, whether it comes through the banking Sector or it comes through the market in the form of public sector bonds, in economic terms it is the same. The same is the story in the current year—1987-88: 67 per cent would be budgetary support including public sector bonds and 33 per cent internal resources of the public sector. What does that mean? It means we are going to fund our Plan more and more by borrowing.

It has been admitted in another document submitted by the Government "the long-term fiscal policy". If you go through this document, you will find that for the first time it has been admitted that during the Seventh Five Year Plan contribution from the current revenues, which is known as balance from current revenues, would be negligible. The other day while making his observations, Shri Gurupadaswamy had correctly pointed out that we have reached a stage when we are to meet our revenue expenditure by borrowing and he wondered what the reasons were. Is it merely because of the effect of bad management? To my mind, it is not so. However, Government is to come forward with more detailed information. But from whatever little bit of research work I could do since yesterday after listening to him, I find that perhaps Mr. C. Subramaniam was the last Finance Minister who could provide a surplus on revenue account and thereafter we find that no revenue account we are having continuous deficits. During the Sixth Five Year Plan, contribution of B.C.R. was rougnly about 0.7 per cent and in the Seven Plan period it has been taken into account that there will be no contribution from B.C.R. so far as funding the Plan is concerned. Therefore you are to depend either on market borrowing, on borrowed money or on internal resource generation in the public sector. If the performance of the first three years of the public sector so far as internal resource generation is concerned is of any indication to my mind, we shall have to fund the Plan substantially by borrowing. And one knows what is the cost of this borrowed money.

Now, why has it happened? One explanation would be, obviously—I hope the votaries of State autonomy would not mind it—the recommendations of the two subsequent Finance Commissions have landed the Union Government in this situation. So far as the Eighth Finance Commission is concerned, if you look at the implications of the recommendations of the Eighth Finance Commission, it will be noticed that as per re-assessment of the resources of the Union Government, before devolution Centre was left with a surplus of Rs. 39,000 crores for a period of five years. But the devolution was more than Rs. 39,000 crores. Therefore, the implication is quite clear, that during all these five years the Union Government will have a revenue deficit. On the other hand, though not all the States but some States are left with a revenue surplus of Rs. 27,000 crores before receiving the devolution. And this is the moot cause why, not only in this year or in the two previous years or even during the entire Seventh Plan period, on the revenue account we are to face deficit. How to come out of the situation? My first suggestion would be to enhance revenue. How to do it?

In that connection, again I am referring to Mr. Gurupadaswamy's

observations when he strongly advocated reforms and simplification of the tax laws. Here I have a different perception. What do we want, what is the objective of our taxation policy? Is it merely to collect money, is it merely to mop up revenue? If I remember correctly, the first organized fiscal policy was introduced by the East India Company after receiving diwani from Badshah Shah Alam after the battle of Plassey, and the entire emphasis was on mopping up revenues—93 percent being the rate—and there were Reza Khans and Devi Singhs who could mop up the revenues. But we had a different philosophy. So far as taxation as an instrument of social change is concerned, we had a philosophy. Here I would like to quote from the observations of one of the Finance Ministers in the budget speech.

SHRI M. S. GURUPADASWAMY (Karnataka): Which Finance Minister?

SHRI PRANAB MUKHERJEE: I am coming to it. I quote:

> "In a country like India where Government assumes the major part of the responsibility for the promotion of capital formation, the Government budget should yield substantial revenue surplus to take care of a part of the needs of capital account."

This is from paragraph 19-Part B, of the speech delivered by Shrimati Indira Gandhi while presenting the budget of 1970-71. In paragraph 20 she observed:

> "Taxation is also a major instrument in all modern societies to achieve greater equality of incomes and wealth."

Thereafter, she suggested, her taxation proposal. I quote:

> "It is, therefore, proposed to make our direct tax system serve this purpose by increasing income taxation at the higher levels as well as by substantially enhancing the present rates of taxation on wealth and gifts."

That was the philosophy of taxation the country had so long.

Tax laws were considered not merely as a vehicle to mop up the revenues but to do away with economic disparities, to prevent concentration of economic power, to remove regional disparities and also to promote the welfare of the society. If you want to utilize one set of instruments to fulfil multipurpose objectives, it is bound to be complex. Therefore, it is of no use saying that you would like to simplify. What do you want? What is the objective of the taxation principle? Is it merely to collect money, to collect revenue? And, has it not been so, I am unable to understand what was the need of a long-term fiscal policy. what was the need of Pegging down the Government by an assurance that direct taxes will not be increased over a period of five years, what was the rationality of it? Progressivity of the taxation is totally forgotten. The other utilisation of the instrument of taxation to suit the economic objective is totally forgotten. And instead of that we are fed with a new thesis that the fiscal policy should not be empty theorisation—these two words I am quoting, "empty authorisation."—and we should be primarily concerned with the availability of the resources to the kitty. Another point in favour of theory is stabilisation of rates of Taxation. I differ. In a country like ours you cannot provide stability when the direct taxes' contribution to your GDP is less than 2 per cent. Even till today it is not even 2 per cent. In the total tax revenue contribution of direct taxes from 1971 to 1975 was 27 and odd per cent. In 1980-85 it was 22.6 per cent. Therefore, nearly three-fourths of the tax-revenues are coming not from the direct taxes, and we are contemplating to provide stability in our economy

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when a larger part of the economy itself remains unstabilised.

Sir, you are looking at the watch. I do not know when you will press the bill.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): You take your time.

SHRI PRANAB MUKHERJEE: Therefore, my contention is that it is high time we have a fresh look at it. There is no denying the fact that the forces of destabilisation are working. The forces of destabilisation do not come from the heaven. In the history of the developing countries we have found how the forces of destabilisation work. How the forces of destabilisation are working we have seen in the international scenario. Before we come to that let us look at the export performance.

The other day we were told that we should feel happy as we are having 20 per cent growth in last year's export. Twenty-four per cent from what level? In 1985-86 we had a negative growth in export, minus four. And when the base goes down, a little improvement would bring statistical satisfaction by having a higher percentage point gain. Again, if we look at our debt situation in the context of our export earning.

The hard fact remains that we are going to face a serious problem in debt management. According to the Economic Survey, debt servicing, computing in terms of exports and invisible earnings, is 17 per cent But that is only one part of the story. The other part, I would not mention, because it is sensitive, and those who are in the Government know that in reality terms it is more.

When is it happening? It is happening in that particular international situation when the world trade is almost stagnant, not because of our fault. I do not blame our exporters or even in this matter I do not blame our Government. What can they do when all the industrialised countries are going for protectionism? What is happening in a international fora connected with Finance Trade etc. The idea was mooted after the Tokyo Round of talks to have a commodity fund to stabilise the prices of the primary commodities of the developing countries and the second window of the common fund was to be opened to help them so that they can use higher technologies to improve, production, marketing etc. till today, because of the persistent obstacles created by the developed and industrialised countries the second window of the common fund has not yet been opened. Had it been opened and had we got across to that fund, perhaps, many of the problems which we are facing in the areas of jute, tea, iron-ore, etc. we could have solved by taking advantage of it. That is a process of destabilisation. The process of destabilisation started when pressure was mounted to include services in the agenda of GATT and I do not know what view the Government of India took. From the very beginning it was our persistent stand, since the creation of the GATT that services should not be included in the GATT agenda. Even in 1980 onwards we took the position that there should not be any ministerial level meeting to clinch the issues of the GATT unless the pending issues of the Tokyo Round of discussions were finalised. And those are the manipulations which are being adopted by the industrialised countries to destabilise the economy of the developing countries and India is bound to be a victim of it. I do not know what is the coincidence of it, but it is happening very often. Whenever the Indian economy is on the point of take-off, certain extraneous things, certain non-issues drop up and the entire energies are diverted to those non-issues.

What is the priority before this country? Certain defence deals? Whether money has been transacted or not in regard to certain purchases? Whether something wrong has taken place or not? Corruption at the high level or at low level? Are these the issues before the country, when

you are having a situation in which we are not able even to provide enough employment despite huge allocations. Somebody has quoted the figures. How much money has been allocated through NREP, through RLEGP etc. All these things are good, but the hard fact remains that we are having 230 million work force in this country and we could not reach beyond 20 million. I am very frankly admitting, when I set up the Pay Commission I could not visualise that the recommendations of the Pay Commission would be of such an order that the Government will have to come in the last December session with Supplementary Demands of more than Rs. 3,000 crores. I could never visualise that a day would come when the Supplementary Demands would be of the order of Rs. 3,000 crores. Speaking on the floor of this very House I jokingly said God save the Finance Minister, if the second batch of the Supplementary Demand is of any indication for future. I don't mind whether the employees would get more or less—let them have more—but the fact remains how many people are we touching through these recommendations and through these instrumentalities? Five million people are working in the Central Government sectors, two million people are in the Central public sector undertakings. If you take all the Government employees—State and Centre and Union Territories, all the persons who are in the organised sector—their number would not be more than 20 million. Still 210 million are left. What are we going to do for them? Mr. Kulkarni has very correctly pointed out that our major thrust should have been on the area of agriculture I disagree. Agriculture is the care of our Planning. When we are having this serious and acute problem and in the Government document it has been admitted that during the entire Seventh Plan we cannot have any balance from the current revenue to augment your plan resources or to fund your plan, is it not time for us to think on why the agricultural income-tax is not being imposed by the States—the sector which is providing 40 per cent of your GDP? I just made a calculation—actual expenditure of the five years in the Sixth Plan and actual expenditure of 1985-86 and Budget allocation of 1986-87. Four heads in agriculture I have taken are agriculture, irrigation and flood control, rural development and special area programme. On all these four items, actual expenditure for six years and Budget allocation for the Seventh year, the total amount comes to Rs. 42,065 crores.

SHRI P. BABUL REDDY (Andhra Pradesh): It is for 80 percent of the people.

SHRI PRANAB MUKHERJEE: True, 80 per cent of the people depend on it. I do agree. But at the same time I wonder whether we can mop up certain resources from these sectors. If not, what would be the state of affairs? Can we augment resources in other areas or reduce expenditure! In what area are you talking of reducing your non-plan expenditure? Defence between 1985-86 and 1987-88 it has gone up from Rs. 8,000 crores to Rs. 12,000 crores.

Interest payment? If you are to make your entire plan expediture through borrowings, or by created money having high velocity. Would you be able to reduce your expenditure on subsidies? These three account for nearly 70 per cent of your non plan revenue expenditure. At the same time, Sir, what has happened during this year From the document I find that out of every one rupee of revenue 49 paise is being transferred in the form of share of taxes grants to the States. Therefore, we cannot have a situation where we could eat the cake and at the same time have it. I cannot visualise a situation under deficit. It may be a very bad management I do agree that it is not at all a sound economic management when I am to meet my own revenue expenditure by borrowing. But what are the remedies? Unless we tap new resources, we cannot have some surplus to meet our Plan expenditure, we cannot fund our Plan, in non inflationary way.

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That third area and that is my last point to which I would like to draw your attention is the way debt servicing is increasing. It is not 17 per cent. It is much more than that and it will be more after 1988-89. We should not fall in the debt trap. There is no consolation for us by merely saying that we are not going in the Mexico way. When we returned the cheap money which we had from the I.M.F. $. 1 billion, it is not for any fun. We realised the danger how the forces of destabilisation worked—how the economic independence of the country could be threatened. Therefore, we wanted to go out of it. But unfortunately a situation has been created in which we find that a country which afford not to receive the last instalment of I.M.F. loan of $ 1.1 billion to meet be take of payment, had to go in February, 1986 to Asian Development Bank for a small sum of less than $200 million. What are the reasons? What happened in between this period? If we want to arrest and prevent destabilisation, we must not fall in the debt trap. Therefore it is important that we must have our own internal resources generation. It is a very difficult task and difinitely it will not be politically popular. But at the same if we do not want to ruin our economy, if we do not want our people to suffer at the hands of the external forces who are interested in converting the market of these 800 million people into their dumping ground, we must stand on our own legs.

Sir, if you look during all these years how we have performed, I think we can boldly say that we can avoid the external assistance. What has happened? One should look at the figures, how the contribution of external assistance as percentage of plan expenditure have valued from plan to plan in the first plan it was negligible. In the Second Plan it went up to 21.8 per cent. In the third Plan it was 27.2 per cent. Annual plans before the Fourth Plan and after the Third Plan it was 33.9 per cent. In the Fourth Plan it came down to 11.2 per cent. In the Fifth Plan it was 8.9 per cent. For the Sixth Plan I do not have authoritative figures. But I do presume that it is not more than 7 per cent. In other words, 93 per cent of our developmental expenditure, we can meet by our own efforts. This is not a mean achievement. No other developing countries in the world have been able to do so—I do not know of any such country. But a time has come when we should say that we would like to go for zero aid.

But, Sir, Government policy prescriptions unfortunately do not indicate, do not point to that direction. You cannot have liberalised import policy. You cannot have a policy when you dilute M.R.T.P. I would like to know from the Government in your first budget you raised the ceiling of assets of M.R.T.P. houses from Rs. 20 crores to Rs. 100 crores what was the purpose? Perhaps you thought that you will create a new constituent for the Party, 100 millions middle class. That was the thesis propagated. I do not know whether this country would have 100 million middle class even at the end of this century when only 4.6 million people pay income tax. These two things cannot go side by side. You will talk of destabilization. You will talk of economic destabilization but at the same time, you will go in for liberlization of import policy, and dilute FERA, you will dilute MRTP. I would like to know what has been the industrial growth for the last three years after the revision of the index and base year being determined, at 1980-81. We find the highest national growth was in 1984-85. that was more than 8 per cent. For that, no dilution of MRTP was necessary, no dilution of FERA was necessary, no dilution of import policy was necessary, no blank commitment that direct taxes will not increase over a peiod of five years putting the Government in the most awkward situation was not necessary. Therefore, we do visualise that dangers are there. There will be a threat to destabilize our economy, to put political pressures to divert our attention from the real issues to the non-issues but it is for the Government of the day to indicate the path in which we should move on. Thank you Sir.

SHRI RAMESHWAR THAKUR (Bihar): Mr. Vice-Chairman, Sir, I rise to support the Finance Bill, 1987. The Bill further enhances the process of economic stability and the path of consolidation of the bold, pragmatic, and progressive measures initiated by the new Government under the leadership of the Prime Minister Shri Rajiv Gandhi since 1985. The Bill reflects the philosophy, direction and determination of the leader and the Government towards socio-economic and political goals with a view to subserve the aspiration of the people. An objective examination of the proposals, Budget speech and the provisions of the Finance Bill 1987 clearly indicate that it contains sound base for promotion of income, savings, investments, growth and development of our economy in the pursuit of broader national objectives and priorities. There has been a general appreciation of the principal objectives aiming at elimination of poverty and the building of a strong, modern, self-reliant and independent economy.

It appears from the trend of the discussions both during the general discussion on the Budget and now on the Finance Bill 1987 that most of the learned Members from the other side, instead of offering any constructive suggestions or criticism on the specific provisions have chosen to make general criticism of the Government's performance in the past and some well repeated ideological controversies ignoring the actual facts, figures and realities of achievements.

I would like first to deal with the provisions of the Bill, 1987 in brief:

The Bill contains 74 amendments in Income Tax, 15 in Wealth Tax, 2 in Gift Tax, 6 in Customs, 4 in Excise 10 other clauses with four schedules.

Amendments in Income Tax seek to incorporate:

(A) Certain Welfare measures like:

(i) exemption of compensation received by public sector employees on voluntary retirement (Sec. 10 (10B) will help a large number of retiring public/Government Sector employees. There is a suggestion for future whether this could be extended to other retiring employees fulfilling approved norms.

(ii) modifications of provisions relating to deductions in respect of donations to certain funds like Regimental Fund or non-public fund (Sec. 80 G)

Thirdly, enhancement of deduction from 10000 to 15000 in the case of totally blind and physically handicapped People in Section 80V. The next is with regard to incentives for growth and modernisation like measures for raising the resources for public sector undertakings through exemption of interest from specified bonds and debentures—Sections 15 and 10; tax incentives for certain new shares (Sections (80CC) for three years; withdrawal of additional income-tax on profits of closely held companies (Sections 104 and 109); incentives for savings like (i) new provisions relating to National Savings to strengthen the Savings Schemes under Section 80CCA, e.g. 50 per cent deduction for investment up to Rs. 20,000/-; (ii) modification in Section 80C to promote new housing—it enhances the scope of Section 80C to cover payments towards the cost of purchase or construction of a new residential house property.—It is for consideration that for future in view of the national importance and priority some more positive incentives are required towards housing including enhancement of the limit of Rs. 10000/- and a separate deduction up to 50 per cent for repayment of housing loans; imcentives for foreign exchange earnings like (i) to extend tax holiday to the units in free trade zones (Section 10A); (ii) modification to deductions in royalties etc. from certain foreign enterprises (Section 80-O): (iii) modification of remuneration received from services rendered outside India (Section 80RRA); similarly, there are comprehensive provi-

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sions relating to, (i) simplification and rationalisation under Sections 22, 44B, 44BBA; (ii) rationalisation of provisions reating to Capital Gains (Sections 54, 54B, 54D, 54F, and new Section 54G); 48, 70, 71, 72 and 74, Sections 53, 54 (to HUF also), Section 280 (2A) shifting of undertaking from urban areas) (iii) measures against tax avoidance: Section 45, Chapter XIIB, Sections 194, 203, Section 192 to 194D; (iv) modification in relation to settlement of cases (Section 245 BA).

I would not like to discuss the details in view of the paucity of time.

As regards indirect tax measures: (i) extension of MODVAT to all major items (ii) procedural changes to simplify the operation of MODVAT; (iii) adjustment of excise and customs duties for certain industries to stimulate growth; (iv) package relief for common man; (v) reliefs and rationalisation of duties relating to electronics; (vi) incentives for strengtheing export performance.

There are similarly other provisions but I would not like to take the time of the House to explain these special features. There are a few amendments suggested by the honourable Prime Minister, in regard to the Direct Taxes.

Keeping in view the various representations from the people and the experts, and also keeping in view the democratic traditions and large interests of the people. The Prime Minister has been pleased to delete Section 194E. This will give relief to many unintended hardships. Another amendment is to Section 115J; to allow losses and unabsorbed depreciation relating to earlier years to determine book profits for minimum tax. This will primarily help the new companies and the sick industries. In this connection my esteemed and learned friend, Shri N.K.P. Salve, nas been good enough to make certain observations. Without entering into any controversy I personally feel that this amendment to Section 115J more rational and more fair than what it should be. The basic issue is in regard to the interpretation of sub-section (b) of 205. There are certain so-called irrational provisions contained in the Bill. The basic point is that this has been there for a long time and the companies have been declaring dividends on the basis of the interpretation as contained in section 205. Therefore, what is now sought to be done is this: We are all aware that there are a number of incentives which have been given for modernisation and growth and if we take it no consideration all these things, the losses would increase. The simple point is that if, for the purpose of dividend section 205 is applicable, then why for the purpose of taxation, this should not be made applicable. When we are saying "whichever is less', it will be much more rational if it is said "whichever is more" But the point is that this has been there for a very long time and what is now sought to be done is that the tax should be levied on the basis of interpretation and working out of profits for the purpose of declaration of dividened under section 205. The same rationale and ratio should be applied to taxation also under section 115J. Therefore I do not think that it is irrational or illegal. But certainly. if the Government can make more liberal can make a more liberal provision to make it instead of "less" "more", that would be better and you have to amend either the Companies Act or the Income-Tax Act for the future and that may be a different consideration. But what has been provided is not irrational.

The next thing is about the new section 54H. It provides for exemption

of capital gains arising from transfer of shares in a company to a public sector company, and this will now remove the uncalled for misgivings that have been mentioned.

The next point is with regard to indirect taxes. A number of concessions and reliefs have been provided by the honourable Finance Minister on the basis of various representations, keeping in view the interest of the common man, the growth of the economy and exports and the need also to remove unintended hardships. These concessions are too substantial. In Customs Duty it is about Rs. 40 crores and in Excise Duty it is 30 crores and the total comes to Rs. 70 crores by way of incentives. This is a very welcome feature. Apart from these few things, as I mentioned earlier there have been no specific suggestiois or constructive suggstions on the Finance Bill, but there have been general criticisms to which I would like to refer with the permission of the Chair.

One of the criticisms is that there has been no economic progress since 1951. The other is that the policy of socialism is being abandoned. Then there is the criticism that there is a large deficit and it will go further up. More funds are required for the States and this point was touched upon by Shri Pranab Mukherjee also just now. The next point is that the present ratio between direct and indirect taxes should be reversed. The other points that have been raised are that there is a deviation from the Long-Term Fiscal Policy, that there is a debt trap and the tax system has to be more progressing it is regressive now. Another criticism that has been made is that the performance of the public sector is poor.

Sir, I would like to make very brief comments on all these points of criticism.

So far as economic progress is concerned, it is rather a biased opinion that there has been no progress since 1951. I would like to say that there has been economic progress. That there should be more economic progress is a different matter. We should be thankful for the far-sighted vision of the first Prime Minister of India, Pandit Jawaharlal Nehru, who wanted to have a planned economy. Plan after Plan in spite of the resources constraints, vagaries of monsoon, floods and drought, wars and tension on the borders, increasing population, and the lot of lagacies of poverty, illiteracy, unemployment, etc. left by the colonial rule, we have made all-round progress and there has been a sustained growth and there has been a sustained development resulting in self-sufficiency in many areas. In this connection, I would like to quote some figures. In foodgrains, in 1951, we had a production of 55 million tonnes which we increased to 129 million tonnes in 1980-81 and which is now 150.5 million tonnes in 1985-86 and this year it is still more. In steel, the production in 1951 was 1.04 million tonnes which has gone up to 9.45 million tonnes in 1985-86; in cement, the production in 1951 was 2.7 million tonnes and it has gone up to 32 million tonnes in 1985-86; and, in coal, the production in 1951 was 32 million tonnes which has gone up to 155 million tonnes in 1985-86.

	1951	1980-81	1985-86
Crude Oil	0.26 MT	10.5 MT	29.0 MT
Electricity generated	5.3 b. KW	110.8 b. KW	170 b. KW
Exports	600 crores	6711 crores	11,012 crores
Capital output ratio	3.6 per cent		5.3 per cent
Consumption of rice (per day)	360.4 gms (55-56)		43715 gms.
Edible oils (per annum)	2.5 kg.		4 kg.
Sugar (,,)	5 kg.		10.9 kg
Tea (,,)	257 gm.		426 gms.
lectricity (,,)	2.4 Kwt.		20. Kwt

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There have been similar and more achievements in all other fields—including science and technology. Let us not be so partisan to belittle the hard labour and sacrifices and contributions of millions of our farmers, workers, scientists and others.

So far as the policy of socialism is concerned, it is said that we are abandoning it. But the Government has been following not only the policy of socialism but secularism, democracy and non-alignment as enshrined in our Constitution, Plan documents, Policy decisions and programmes. The concept of socialism was adhered to during the freedom struggle, in the documents of the National Planning Committee headed by Pt. Nehru in 1938. It was formally adopted during the First Plan in Avadi Congress in 1955 modified in Amritsar Congress subsequently and finally accepted in January, 1964 in Bhubaneshwar Congress and there has been no change in this policy. Even in the Budget speech of the Prime Minister it has been emphatically reiterated vide para 44 of the speech. I quote:

> "I am committed to Planning for Socialism in India, socialism which fits in with our genius but nevertheless in its basic meaning of removing disparities and providing equality of opportunity. This is the yardstick by which I want to judge all policies and programmes."

If the direction was lost, if there was a deviation, it was during 1977-78 to 1979-80. The first deviation was that the Five Year Plan was abandoned. A rolling plan came into being in 1978-79. And what was the result after the Plan was started again in 1980-81? Industrial output in 1979-80, 1.4 per cent, in 1984-85, 9 per cent; Crude oil in 1979-80, 11.7 m.t., and 30 m.t. in 1984-85. Coal 103 m.t. in 1979-80 and 150 m.t. in 1984-85; Foodgrains 109 m.t. in 1979-80 and 150 m.t. in 1984-85 and NGP 3.5 per cent in 1979-80 and 5 per cent in 1984-85.

Therefore, we should judge the direction from the actual policy, plan and performance and not by unfounded allegations.

So far as the basic planning is concerned... (*Time bell*) We have this year a deficit of Rs. 5688 crores. As compared to the last year, it is less. Considering the total expenditure of over Rs. 60,000 crores, the deficit is not excessive. The deficit is reasonable in a developing economy. Apprehensions have been expressed that the deficit may increase beyond Rs. 5688 crores. But the Prime Minister has categorically stated that strict financial discipline will be maintained and the deficit will not be allowed to rise. I would urge that it should be the concern of all of us—all State Governments and the Central Government—to ensure that the expenditure is kept within this limit.

So far as more funds for the States are concerned, I have nothing to say than what Mr. Pranab Mukherjee has already stated. On account of the recommendations of the 7th and 8th Finance Commissions more funds have been provided for the States. But in the Budget, the Prime Minister said, "I am also happy to inform the House that 3 P.M. the total Plan outlay of States and Union Territories for 1987-88 has been fixed at Rs. 19,537 crores" which is 17 per cent more than the previous year. Therefore, to say that the States have not been given adequate Plan funds is not correct.

About the ratio of Direct and Indirect Taxes, Shri Pranab Mukherjee has also pointed out. To say that we should reverse the ratio of Direct and Indirect Taxes from the present ratio of 20:80, I think, will be unfair. But if one feels that the Indirect Tax is more, if there is one minute's time, I would like to quote one sloka.

सुवर्णरजत वज्रमणिमुक्ताप्रवाल श्रेवहस्तिण्या: पंचाशत्करा : ।
सूत्रवस्त्राभ्रवृत कंसगन्धमैपज्यशी
धुपण्या श्रवत्वारिंशत्करा : ।
धान्यरसलोहपण्या : शकटव्यवहारिण
श्रवत्रिंशत्करा : ।
काचव्यहारिमहाकारश्रव विंशतिकर: : ।
क्षद्रकरवो बन्धको पोषक,श्रव दशकर: :
क,ष्ठवेणुपाषाणमृदम,ण्डपवक,न्नहरित
पण्य, : पंचकर: : ।८

संक्षेप में इसका अर्थ है कि राजकोष में सोना, चांदी, हीरा, मणि, मोती, मूंगा, घोड़े और हाथी आदि व्यापारिक वस्तुओं पर उनकी लागत का पचासवां हिस्सा टैक्स लिया जाए। इसी प्रकार सूत, कपड़ा, तांबा, पीतल, कांसा, गन्ध, जड़ी बूटी और शराब पर चालीसवां हिस्सा, गेहूं, धान आदि गन्ना तेल, घी, लोहा और बेलगाड़ियों पर तीसवां हिस्सा, कांच के व्यापारी तथा बड़े-बड़े कारीगरों तथा बीसवां हिस्सा, छोटे-छोटे कारीगरों तथा कुलटा स्त्रियों को घर में रखने वालों से दसवां हिस्सा, लकड़ी, बांस पत्थर, मिट्टी के बर्तन, पकवान तथा हरेशा के आदि पर पांचवां हिस्सा सरकारी टैक्स लिया जाए।

What I am saying is that if we see our needs and the growth of the indirect taxes since 1921, we will find that there has been progress with the growth of economy. The figures have gone up. But the ratio cannot be reversed. It will be unrealistic and unpracticable.

Sir, there is one thing which I would like to mention about the point that we are in a debt trap. Shri Pranab Mukherjee has also pointed out and he has warned also. But the position is different. Actually the outlay of the Seventh Plan is more than the combined outlay of First to Sixth Plans. The Seventh Plan outlay is much higher. And then 93 per cent of it is to be provided from the internal generation. We know that the interest payment is very heavy. But to have more saving from the people of the country and to utilise that saving — 24 per cent or 25 per cent—for the development activities of the country and to pay interest is not a debt trap of that kind which we normally speak of.

About the deviation from the long-term fiscal policy, Shri Pranab Mukherjee, of course, mentioned. He has made two or three basic points in regard to the tax rates. He may have his own views. He is a respected and a very senior leader. But, I think, the rationale of the long term fiscal policy as accepted by the entire nation has given us the results. In spite of reduction in the rate of tax, we have got more tax. In 1983-84, it was Rs. 4,192 crores. In 1984-85, it went up to Rs. 4,494 crores. But after the reduction, in 1985-86, we got Rs. 5,375 crores. And in 1986-87, just the year completed, with the reduced rate, we have got Rs. 6,004 crores. Therefore, to say that only the higher rate of taxation will produce the results, I think, is not a correct thing to say. Secondly, to say that we should have taxation on agriculture, Sir, I am afraid, it is a matter to be debated. But as some friends from the other side also said, 80 per cent of the people who live in the agricultural area are poor people. There are so many difficulties. I don't think we should think of agricultural taxation at this stage.

About the point that lack of efficiency, competence and honesty affecting the growth, I am sorry to say that there is always room in everybody's life to improve efficiency and competence and honesty and ethical standards. But to question the honesty and integrity and competence of the entire nation, the entire Government, the successively elected Government, I don't think is a fair proposition. We have made considerable progress and there is room for more progress. But, I don't think it will be fair to say like this in regard to the entire set-up of the

[Shri Rameshwar Thakur]

Government so far as the progress is concerned. It is not a fair proposition to say that this is the factor affecting our growth.

It has been said that our tax system is regressive and not progressive. As has been pointed out in the long-term fiscal policy, our tax system is very progressive and it is not regressive. I don't think I should elaborate on this point. About higher non-Plan expenditure, yes, we know that it is very much higher. As you know, as has been pointed out, there are programmes and constraints. Therefore, we should try to make the maximum economy and try to reduce the expenditure within the possible limits without affecting the efficiency of the Defence. And in the case of subsidies and others also we should try to the extent we can bring about a rationale of better economy and better efficiency and with that we should ensure that this expenditure does not go further.

Sir, my next point is about the performance of public sector undertakings. Public sector undertakings have commanding position in our economy, as has just been mentioned. There cannot be a general observation about their performance. Some units have done very good and a few not so good. The Prime Minister giving massive support to public sector has made it clear that their performance be improved. Effective planning, modernisation evaluation and monitoring have already started giving good results. We have given more opportunities for internal generation and allowed to borrow money from the public sector itself. That will reduce the pressure of the Government. Whether it should be treated as a Government contribution or not is debatable question. If a few corporations are not doing well, we cannot blame that all the corporations are not doing well. Certainly there is room and scope for better planning, better materials management, better capacity utilisation and better manpower planning and in all other respects. If we do that we can have better results and better contribution from public sector undertakings. That is what is needed. (*Time bell rings*).

Lastly, Sir, I want to make one or two suggestions. One of my suggestions is not to raise the tax but to increase the tax base, as has been rightly said by Pranab Babu. At present the base of tax payers is very small. While tax rates have been reduced and simplification is being attempted, it is necessary that the revenue base of direct taxes is raised. Apart from those who are outside the taxable limits, there are many who are not paying taxes. There should be a door to door survey conducted by well-trained officers and staff in all the tax-prone zones. Such staff should not be connected with assessment work. And if we carry out this exercise throughout the country we can have many more people in the tax net and that will mean more revenue for the Government.

Secondly, Sir, we should have more awareness through media and code of conduct by various organisations and institutions and other agencies to bring about greater awareness of the people to their responsibility to pay taxes. There should be more strict measures against tax evasion. Prosecution laws should be made more effective. Follow up of search and seizure operations should be more effective and prompt so that logical conclusions can be drawn within a time limit and it should not be a long-drawn process which loses its efficiency. But, at the same time people should not be harassed. At the same time effective steps should be taken which will yield results. Special courts for economic offenders should be established so that there is effectiveness. Similar steps should also be taken in the case of indirect taxes. That will help us to improve our economic situation.

Before I conclude, I would like again to compliment the Hon. Finance Minister and the Prime Minister for the bold and pragmatic steps taken in regard to the Finance Bill and the Budget proposals and I heartily support the same. Thank you.

SHRI V. GOPALSAMY (Tamil Nadu): Mr. Vice-Chairman, Sir, the

hon. previous speaker referred about socialism and also stated that our hon. Prime Minister described this budget as a budget for socialism. There was a slogan, socialistic pattern of society raised in the Avadi Congress session and then for many years they forgot about socialism because of the conditions put forth by one wing of the Congress, BSP, which joined the Congress in 1946. The democratic socialism was raised in Bhubaneshwar Congress session. After that a neat burial was given to socialism. Our Prime Minister's grand-father, Pandit Jawaharlal Nehru, wrote a famous book, Discovery of India. Now our Prime Minister has rediscovered socialism. (*Interruptions*). When you say that you are for socialism, how are you going to justify the starvation death in Kalahandi area of Orissa? It is not in Ethiopia or South Africa but in our own country. After all these years of independence...

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): The normal procedure is that an hon. Member should speak only from his own place.

SHRI V. GOPALSAMY: With the permission of the Chair, I thought I will be permitted.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I give you the permission now.

SHRI V. GOPALSAMY: Thank you, Sir; Starvation deaths have been there. Prosperity never smiled on these millions. So, your freedom has no meaning for them, and this Government headed by our hon. Mr. Rajiv Gandhi claims to be the Government which works, claims to be a Government which is marching towards the 21st century, claims to be a clean Government. This morning I said you are not able to even supply clean rupee notes to the public. According to the statement made by the Finance Minister in the morning, the number of printing presses has almost doubled. The printing of one rupee denomination notes rose from 488 million to 1000 million per annum, and you have placed orders to import 4000 million coins. I think you have already imported more than 2000 million coins. Even then, you are not able to provide clean notes to the people. The Public Accounts Committee, in its 19th Report, has severely criticised and assailed the import of coins. I would like to know from the Finance Minister whether any enquiry has been ordered to probe into the deal to import coins from South Korean firm, because many irregularities have been alleged.

This Government was making tall claims about the NRI investments. Who are these NRIs? They are borrowing money in foreign markets at an interest rate of 5 to 6 per cent and they do not need to pay any taxes there, and here they are getting concessions, and they invest money as deposits to fetch 15 to 16 per cent interest. It was expected that NRI investment will be made in high technology areas, but so far no such investment has been made in high technology areas. Investment is made in houses, in real estate, and it has become an epidemic. This NRI investment has become an epidemic and it is spreading from the Centre to the States. It is knocking at the doors of the States. Even in Tamil Nadu, 80 grounds of the precious valuable land in the city of Madras, near Valluvarkottam, near Moore Market, has been given to one gentleman who had gone from this place to United States, to invest in hotel industry. Where is the high technology? So, the black money goes from this country and comes back in the guise of NRI investment.

Our Prime Minister who handles the portfolio of Finance, said that deficit will not increase. Every Finance Minister since independence used to say that the figure of deficit will remain but what happens? The deficit increases. There should be an expenditure commission in order to cut the expenditure; otherwise, nothing will improve. The argument that deficit will not increase would not hold any water.

[Shri V. Gopalsamy]

Mr. Pranab Mukherjee just said about one important aspect. What is the real issue? I want to say in clear-cut terms that the real issue is the black money invested in foreign banks. Flight of capital from this country. According to a report by the International Monetary Fund, in one country alone, Rs. 1300 crores have been deposited by Indians. In one country alone, namely, Switzerland. If it is so, the deposits in the Latin American countries, in Bahamas and other countries, will be four to five times the deposits in the Swiss banks. They are the economic offenders. They are the criminals. They are the people who are going to destabilise the country. These economic offenders are exploiting like parasites. The former Finance Minister, Mr. V. P. Singh who was applauded and praised by many as the best Finance Minister, made a suggestion that the terms of reference of the Fairfax Enquiry should be widened. You should accept this suggestion if you are really sincere and if you want to establish your *bona fides*. When Mrs. Acquino came to power in the Philippines, what did she do? She asked the Switzerland Government to freeze the accounts of Marcos. Will you do that? Will this Government do that? Will this Government request the Switzerland Government to freeze the accounts of Indians... (*Interruptions*) before transfers take place? If you are really honest, why do you become touchy and panicky when I say something? I have not called you guilty. A suspicion has been created. You have to clear the suspicion.

Mr. Vice-Chairman, Sir, Mr. V. P. Singh was very correct in his statement which he made in Lucknow that this is worse than tax evasion. The black money deposited by Indians in Swiss and other banks is worse than tax evasion because in the case of tax evasion, the money remains within the country. I really appreciate and applaude Mr. V.P. Singh who said that his finger against the economic offenders would remain raised even from the grave. There are many hounds who are after his blood. There are many persons who are bold enough to call him even as a CIA agent. When an honest man does not suit you, you throw him out and you say that he is a foreign agent. As I said, suspicion is in the air. The bosom friends of the VVIP of this country might have deposited money in the Swiss banks. In recent weeks, there have been allegations that the former Finance Minister, Mr. V. P. Singh, might have been dismissed because he employed a U.S. firm, the Fairfax group, to investigate the financial affairs of Indians abroad such as* Today's Indian Express has come out with this shocking revelation.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I would request the hon. Member not to mention names.

SHRI V. GOPALSAMY: I do not mention the name of the cine-star, the famous star. I will not mention the name. I obey your order.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): You have already mentioned the name. That will be off the record.

SHRI V. GOPALSAMY: Not the famous cine-star.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): Not only cine-star. He is a Member of the other House.

SHRI V. GOPALSAMY: I said...

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): That will be off the record.

SHRI V. GOPALSAMY: That famous cine-star, who is a very close friend of the very very important person of the country, VVIP, that friend says about his brother in Switzerland that he is employed by a firm there. They pay salary and take care of his kids' education. There is no question

*Not recorded as ordered by the Chair.

of citizenship of residence or he is in the process of getting a permit. That brother is able to spend thousands of dollars. Wherefrom did he get the money when the Swiss Government spokesman has denied that that gentleman has not even applied for a permit? It has come in the press. This is the statement of the spokesman of the Swiss Government. I want to know whether the Reserve Bank has given any permit. How did that gentleman, who is brother of a very famous cine-star, who is a very close, bosom friend from childhood, from craddle, from Doon school, of a VVIP, get the money? This gentleman, brother of a cine-star...

SHRI M. S. GURUPADASWAMY: Are you saying, sinister or cine-star?

SHRI V. GOPALSAMY: Not sinister, cine-star. I said. (*Time bell rings*) This is very important. That is why this has come in the front page of the Indian Express today.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I don't deny that it is an important matter, but you have to conclude now. There are two or three important Members who have to speak.

SHRI PAWAN KUMAR BANSAL: (Punjab): I would like to know from the Minister whether Indian Express has become their Bible.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): He is not 'hon. Minister', he is an hon. Member.

SHRI PAWAN KUMAR BANSAL: If I said so, it was a slip of tongue.

SHRI V. GOPALSAMY: Therefore, in order to establish its *bona fides* will the Government request the Swiss Government to freeze the accounts? Widen the terms of reference of Fairfax Inquiry. The other day, the Prime Minister questioned the patriotic spirit of the people who raised questions about the amount to be spent on defence. He called them even anti-nationals. But, Sir, the people of this country are alarmed to hear the news. A commission of Rs. 30 crores was given on submarine deal, a sum of Rs. 5 crore has already been deposited for Bofors. All these things are there. The whole country, all the people of this country from Cape Comorin to Himalayas, are very much alarmed and concerned. Now the highest authority of India, the supreme commander of the Armed Forces*

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): Do not bring the name of the President to influence the debate. I am expunging these remarks from the debate.

SHRI V. GOPALSAMY: I am entitled.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): You are not entitled to bring in the name of the President.

SHRI V. GOPALSWAMY:*

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): No, that is expunged. You cannot bring in the name of the President.

SHRI M. S. GURUPADASWAMY: On a point of order. Sir, President is part of Parliament and it is said that we should not criticise the President of India. Here he has only made a reference to the President, he has not criticised the President at all. What I would like to say is that the President can be discussed but there should not be any aspersions cast on the President.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): The matter was raised this morning and the hon. Chairman did not permit it.

SHRI M. S. GURUPADASWAMY: That was for a debate.

*Expunged as ordered by the Chair.

SHRI V. GOPALSAMY: But I can make a reference.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): The Chairman did not allow a discussion on the matter of the President. It was raised today morning by all the Opposition leaders.

SHRI M. S. GURUPADASWAMY: I am the person who wrote him a letter saying that I want to raise a discussion on the correspondence between the Prime Minister and the President which he did not allow.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): He did not allow the matter to be raised and I will not allow the matter to be raised here.

SHRI M. S. GURUPADASWAMY: Sir, you are setting up a bad precedent. Please hold on. Don't give a ruling. Please give the ruling tomorrow.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I am not giving a ruling. As a person presiding in the Chair now, I will not allow this.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI M. M. JACOB): Sir, if you have not permitted it, nothing should go on record.

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): I have already said that it will not go on record. I would request the hon. Member to conclude.

SHRI V. GOPALSAMY: **

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): As per Rules of Procedure, you cannot bring in the name of the President for influencing the debate. You are now engaged in a debate. You cannot bring in his name. You please go to the next subject.

**Not recorded.

SHRI V. GOPALSAMY: Anyhow, because of this...

SHRI B. SATYANARAYAN REDDY: (Andhra Pradesh): How is it that we cannot even take the name of the President?

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): It was not allowed to be raised by the Chairman this morning and I will not allow it to be raised.

SHRI V. GOPALSAMY: There is a sinister design, a sinister attempt by the Government to shake.. (*Interruptions*).

SHRI PAWAN KUMAR BANSAL: You are creating these conditions. It is not on the part of the Government.

SHRI V. GOPALSAMY: ....to destroy the basic foundations of democrarcy. I have not said anything about the President. There is a sinister design on the part of this Government led by Mr. Rajiv Gandhi to destroy the basic foundations of demoracy.**

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): This will not go on record.

SHRI V. GOPALSAMY: Just because you are having a brutal majority in the country...

THE VICE-CHAIRMAN (SHRI G. SWAMINATHAN): Anything that has been mentioned about the President of India will not go no record. Please conclude now.

SHRI V. GOPALSAMY: * * *

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): Mr. Vice-Chairman, Sir, I will speak for only a few minutes. Sir, I rise to support the Finance Bill. I made certain observations while speaking on the Budget.

[The Deputy Chairman in the Chair]

With regard to certain provisions of the Finance Bill, I am glad that the Prime Minister has accepted our suggestions,

***Expunged as ordered by the Chair.

particularly with regard to Section 194(E). I have only one observation to make with regard to the Finance Bill and I would request the hon. Minister of State for Finance to pay attention to this point. I would crave for the attention of the hon. Minister of State for Finance. Madam, they are not listening to me.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): We are all attentive to you. Don't worry.

SHRI GHULAM RASOOL MATTO: Thank you very much. Madam, with regard to foreign exchange conservation (travel) tax, under section 102, it has been stipulated—

> "With effect from the date of commencement of this Chapter, there shall be levied on all foreign exchange released for any foreign travel by any person, a tax (hereafter in this Chapter referred to as the foreign exchange conservation (travel tax) at the rate of fifteen per cent of the rupee equivalent of the amount of foreign exchange released.

In the present provision, as the Prime Minister has publicly stated at Bangalore and other places, exemption for pilgrims is not provided. There is a special provision in section 101.

> "Notwithstanding anything contained in this Chapter, the Central Government may, by notification in the Official Gazette, and subject to such conditions and limitation as may be specified therein, exempt wholly or to such extent as may be specified in the notification, any release of foreign exchange for any foreign travel or class or category of foreign travel from the payment of tax leviable under this Chapter....."

I would only request the honourable Minister of Finance here to bring it to the kind notice of the Prime Minister that it should be made clear that the pilgrims will not be subjected to this tax because there is no specific mention as such in the Finance Bill.

The second point that I want to bring to the kind notice of the Honourable Minister is that I have also suggested that those who are going abroad taking foreign exchange for purpose of export promotion for the purposes of bringing foreign exchange to the country should also be exempted under this clause. It is my request that it may be brought to the kind notice of the honourable Prime Minister that with regard to pilgrims and with regard to those who are going abroad for *bona fide* purpose so intensifying export effort should also be exempted from this. This is all that I have to say.

I had the occasion and the good fortune of having a lengthy discussion today in the Consultative Committee of the Planning Ministry where the honourable Prime Minister was there, and all the points I had to make with regard to the Finance Bill, I had made there. I hope he will react to these proposals that I had proposals that I had made in the Consultative Committee meeting. Thank you, Madam.

SHRI B. K. GADHVI: For your benefit I may say that so far as the pilgrim tax is concerned, it can be removed by notification. In fact, the honourable Prime Minister made it clear in his speech also. That will be taken care of. Don't worry.

SHRI GHULAM RASOOL MATTO: Please take care of the other one also.

SHRI CHITTA BASU (West Bengal): Madam, as you know, the discusion on the Finance Bill provides an opportunity to this House and the other House to have a fresh look at the state of the economy in our country. It is also admitted that the Finance Bill epitomizes the direction of the Government policy. It also enunciates the policy frame and the policy precriptions for the economic ills which afflict our country and its economy.

Our countrymen have heard the Prime Minister asserting that the economic condition of our country is not so bad. As

[Shri Chitta Basu]

a matter of fact, he claims that the economy of our country is vibrant, is resilient and has got a proper health. As a matter of fact, Madam, I venture to contest that point. In reality, the state of the economy is not in good shape; rather it is in a shambles. The assertion of the Prime Minister is not substantiated by fact. These are merely gimmicks just to confuse the people of our country. And it might be that the Prime Minister's assertion is nothing but an exercise of public relations of the Government in extravaganza. The reality of the situation is otherwise. Naturally, since my time is very short, I will take up only a few points to substantiate my point that the economy of our country is not as good as is claimed by the Government.

Now, let us take up the case of a deficit financing in our country. It is well known to all of us that a budgetary deficit has been occurring year after year. Even this year's deficit is Rs. 5,688 crores after the imposition of Rs. 3,200 crores of additional taxation. In terms of the percentage of the total Government expenditure, this budgetary deficit is also increasing year by year. This percentage was 9.9 per cent in 1985-86, and it rose to 13.7 per cent in 1986-87. (*Time bell rings*).

THE DEPUTY CHAIRMAN: Please conclude. Mr. Malaviya will speak.

SHRI CHITTA BASU: I have got still ten minutes more.

THE DEPUTY CHAIRMAN: Your time is already exhausted.

SHRI CHITTA BASU: Ten, you should not have allowed me to speak. It is unjust. You could have told me that there was no time for me to speak. It could have been all right.

THE DEPUTY CHAIRMAN: Whatever time was allowed to others, has been given to you. You speak for two, three minutes. Then Mr. Malaviya will speak.

SHRI CHITTA BASU: Then, what is the point of asking me to speak?

THE DEPUTY CHAIRMAN: Please don't waste your time. Please go up.

SHRI CHITTA BASU: I will take two, three points.

These awkward trends are also causing very much disquiting features. In this case, I only want to point out one fact, how you are departing from your own announced policy. This is the only one point I will take up, and I will conclude.

THE DEPUTY CHAIRMAN: Thank you.

SHRI CHITTA BASU: You announced the long-term fiscal policy. If you remember, Mr. Finance Minister, this long-term fiscal policy made a statement indicating, number one, the process of reducing the deficit on the revenue account of the budget would begin in 1986-87; number two, this was one of your goals that the revenue account would be balanced in 1986-87, this year; and number three, that revenue surplus would be achieved in the final two years of the Plan.

Now, what is the actuality? The actuality is, the deficit on the revenue account has shot up from Rs. 5,565 crores in 1985-86 to Rs. 7,233 crores in 1986-87. And as far as the current year is concerned, it is Rs. 6,742 crores. Thus, you have departed from the statement which you have made in the long-term fiscal policy.

SHRI N. E. BALARAM: That is perfectly normal.

SHRI CHITTA BASU: That is perfectly normal. Even the Seventh Five-Year Plan document has suggested that there should be a ceiling on deficit financing and that it should not exceed more than Rs. 14,000 crores. According to my calculation which you cannot contest, it has already crossed Rs. 1,300 crores. What would happen during the remaining two years of the Plan?

Now, only one point left. That is very important.

SHRI NIRMAL CHATTERJEE: Your figures are wrong. Look at the current year's Budget.

SHRI CHITTA BASU: I have not taken that thing.

THE DEPUTY CHAIRMAN: Please don't entangle yourself.

SHRI CHITTA BASU: Only two or three days before the Government claimed, Mr. Finance Minister claimed that there has been no devaluation of the rupee. The rupee has been devalued by about 45 per cent against the pound, yeu and mark during the last two years without significant gains in the export. Can you contest this? Moreover, the value of the rupee has been depreciated against the SDR. One SDR was worth Rs. 10.06 at the end of 1980-81, and one SDR now is worth Rs. 16.53, at the beginning of this year. I want that the hon. Minister to respond to it. What is the fact?

Other points are there. Naturally you would not allow me more time.

I again assert that the statement made by the Government that the economy is healthy, very good, vibrant, resilient is all not correct. The contrary is true. Therefore, the Government should revise its policy so that the economic ills can be cured.

THE DEPUTY CHAIRMAN: Thank you, Mr. Malaviya.

श्री सत्य प्रकाश मालवीय : माननीया उपसभापति जी, सरकार का यह जो दावा है कि हम आत्म-निर्भर हैं, यह बिलकुल खोखला है। हमारी जो अर्थ-व्यवस्था है, वह बिलकुल चरमरा गई है। हमने बहुत से कार्यक्रमों को कार्यान्वित करने का प्रयास किया है। गरीबी हटाने के लिए, ग्रामीण क्षेत्रों में रोजगार देने के लिए और साथ-साथ इधर बीस-सूत्री कार्यक्रम भी लागू किया गया है, जिसके कि बीस-सूत्र हैं। लेकिन हमारे देश में बराबर निर्धनता और गरीबी तथा अमीरी की खाई बढ़ी है और साथ-साथ निरक्षरता और दरिद्रता बढ़ी है।

विश्व बैंक का एक आंकड़ा है, जिसके हिसाब से सन् 2000 में सारी दुनिया में जितने निरक्षर होंगे, केवल उनकी आधी आबादी हमारे भारतवर्ष में होगी। पिछले सत्र में चर्चा की गई थी और सरकार की शिक्षा नीति के हिसाब से नीति भी है नवोदय विद्यालय की, लेकिन हमारे देश की आज हालत यह है कि गांवों में बच्चों के पढ़ने के लिए स्कूल नहीं हैं, टाट-पट्टे नहीं हैं, वहां पर इमारत नहीं है, लेकिन सरकार इस ओर ध्यान नहीं दे रही है। केवल कुछ साधन सम्पन्न लोग जो हैं, उनकी सुविधाओं पर सरकार ध्यान दे रही है। समाजवाद की चर्चा की जा रही है, लेकिन सरकार का जितना भी काम है, वह समान विरोधी है और नवोदय विद्यालय इसका उदाहरण है।

इस सदन में इस बात की भी चर्चा की गई कि कृषि की ओर सरकार का ध्यान कम जाता है। यह बिलकुल निर्विवाद सत्य है कि हमारे देश की 85 प्रतिशत आबादी गांव में रहती है और उनमें 80 प्रतिशत लोग केवल कृषि पर अपनी रोजी-रोटी बसर करते हैं। तो इस संबंध में मेरा सुझाव यह है कि कृषि को उद्योग का दर्जा दिया जाना चाहिए। किसानों को समय पर बिजली नहीं मिलती, किसानों को समय पर पानी नहीं मिलता और किसान अपना जो उत्पादन करता है, उसको अपनी लागत की कीमत भी नहीं मिल पाती, बल्कि उसकी जो कीमत है, वह कृषि आयोग या एग्रीकल्चरल प्राइसेज कमीशन तय करता है, लेकिन जो कारखाने का मालिक है, उसको अपनी चीज की कीमत तय करने का अधिकार है। अगर कारखानेदार साईकल का मालिक है, तो उसकी कीमत वहां का मालिक तय करता है, लेकिन किसान जो चीज उपजाता है, किसान जो कपास उपजाता है, उसकी कीमत तय करने का अधिकार किसान को नहीं है।

इसलिए मेरा सरकार से निवेदन है कि कृषि को उद्योग घोषित किया जाए और किसान को इस बात का अधिकार

[श्री सत्य प्रकाश मालवीय]

दिया जाए कि अपनी लागत को, अपनी मेहनत, और श्रम को जोड़ कर वह अपनी चीजों की कीमत को तय करे।

दूसरे, बहुत से माननीय सदस्यों ने मांग की है और यह बात सही है कि जो रुपये की कीमत है, इधर बहुत गिरी है, केवल चौदह पैसे हो गई है और साथ-साथ चीजों की कीमतों में वृद्धि हुई है, बराबर मंहगाई बढ़ रही है और चीजों का अभाव भी है। तो जो अथकर की सीमा है, वह अठारह हजार रुपये है और अठारह हजार रुपये की जो कीमत है या जो इसकी क्रय-शक्ति है, वह बहुत गिरी है। इसलिए मेरा सरकार से सुझाव है कि इस संबंध में परिवर्तन करे और परिवर्तन करके इस सीमा को कम से कम अठाईस या तीस हजार रुपये करनी चाहिए।

काले धन की बहुत चर्चा है, सरकार ने जैसे ही पद ग्रहण किया सन 1984 में एक आश्वासन दिया था इस देश की जनता को कि जो चुनाव कानून है उसमें हम संशोधन करेंगे और उसमें बहुत से कारणों में से एक कारण यह भी बताया गया था कि जो काला धन है वह आज चुनाव पर हावी हो गया है अभी यहां पर इंटनेशनल मानेटरी फंड के कोष की चर्चा भी की गई और इसमें इस बात की भी बिलकुल सही चर्चा की गई कि 30-40 हजार करोड़ रुपये तक भारतीयों के विदेश में जमा हैं और इस सिलसिले में फेयरफैक्स कांड के सिलसिले में जांच भी बिठाई गई है और भूतपूर्व जो वित्त मंत्री हैं उन्होंने सुझाव दिया है कि इसके टर्म्स आफ रेफरेंस में कुछ संशोधन करना चाहिए और इसलिए मेरा सरकार से सुझाव है और अनुरोध है कि जितना भी काला धन भारतीयों का विदेश के बैंकों में जमा है 30-40 हजार करोड़ रुपये तक उसको जानने की कार्यवाही करनी चाहिए ताकि उस धन की जानकारी हो सके कौन-कौन उस धन के खातेदार हैं।

सरकार को इसके बारे में जो विदेश के बैंक हैं उनके ऊपर दबाव डालना चाहिए।

मेरा अंतिम सुझाव यह है कि जो यहां पर मंडल आयोग--असमानता हमारे देश में चल रही है और संविधान में इस बात की व्यवस्था की गई थी कि सामाजिक दृष्टि से और शैक्षणिक दृष्टि से जो लोग पिछड़े हैं पिछड़े वर्ग के हैं, उनके लिए समानता का व्यवहार किया जाएगा--एक मंडल आयोग बिठाया गया था। सन 1982 में रिपोर्ट भी आ गई है पांच साल बीत चुके हैं-- वह रिपोर्ट सदन के पटल पर तो रखी गई लेकिन उसकी जो सिफारिशें हैं, उन सिफारिशों को स्वीकार नहीं किया गया है। जब-जब सरकार से पूछा जाता है, तो सरकार कभी कहती है कि सचिवों की समिति गठित कर दी गई है कभी मुख्य मंत्रियों की राय ली जाती है कभी मुख्य मंत्रियों की समिति गठित कर दी जाती है कभी मंत्रि-मण्डल की समिति गठित कर दी जाती है। इसलिए मेरा सुझाव है कि आप मंडल आयोग की सिफारिशों को लागू करें और ऐसा करके ही हमारे देश में असमानता दूर हो सकेगी और आपस में समानता का व्यवहार होगा। हमारे संविधान के निर्माता थे, उनकी जो इच्छा थी, कल्पना थी उसकी भी पूर्ति होगी

धन्यवाद।

SHRI NIRMAL CHATTERJEE: Madam, may I raise a point of order with your permission? I would, explain what the point of order is. My point of order is very simple. I want to disabuse the mind of the Deputy Chairman that our party has consumed its time. It is not so. If you go into the arithmetic ten hours debate is there. It is not eight hours. In fact, it is ten hours. There are a few minutes left. But I am not exercising my right in deference to you. In view of the fact that I want to go on record I am making a sacrifice for the Prime Minister.

THE DEPUTY CHAIRMAN: Now the Prime Minister.

SHRI P. BABUL REDDY: Why thumping desks?

THE PRIME MINISTER AND MINISTER OF FINANCE (SHRI RAJIV GANDHI): Madam, Deputy Chairman, with your permission, I would first like to thank the hon. Member for sacrificing his time for me and for our party. I look forward to continuing sacrifices from the hon. Member.

One other Member commented upon some thumping of tables that took place and I have no doubt after I have spoken he will also be thumping the desk.

SHRI G. SWAMINATHAN: Madam, when did you become Chairman? Because Prime Minister has addressed you as Chairman.

SHRI RAJIV GANDHI: I correct it.

Madam Deputy Chairman, the budget and the Finance Bill should not be seen in isolation as annual exercises. They must be seen as one part of a total developmental exercise that we are doing in the country and it is in that perspective that I would like to present the Finance Bill. The Finance Bill falls into the broad objectives of our overall strategy. Our overall strategy which goes back to just after independence and the formulations of basic postulates by Pandit Jawaharlal Nehru have a strong objective of self-reliance in our economy. It has the objective to meet the people's aspirations in removing poverty, in removing disparities, to safeguard our political independence and to allow us to stand up on equal terms in the world. These objectives have been pursued since independence. They continued to be our objectives. They are reflected in the Seventh Plan. They are reflected in our economic policies. The Seventh Plan has its guiding principles; food, work and productivity. Agriculture is the bed-rock of our economy. It provides the majority with livelihood and so necessarily the highest priority must go to strengthening the agricultural base, bringing development to the rural areas. Agricultural development is also a pre-condition for industrial growth. There can be no rapid growth in industry if there is not a watched rapid growth in agriculture. Anti-poverty programmes are another essential part of our economic thrust. Higher allocations have been given this year for anti-poverty programme. The twenty-point programme has recently been updated. Major structural improvements have taken place in the IRDP, RLEGP and NREP schemes. Concurrent evaluation has started. Surplus foodgrains are being used to enhance the anti-poverty programmes. Education has been included as a key aspect of our anti-poverty thrust. The war on poverty is the cutting edge of our plan and our development thrust. In industry, impressive progress has taken place but much more needs to be done. The pace of industrialization needs acceleration but also it is necessary for us to change the quality of our industries, the quality of our production, the efficiency of our production. The public sector has played leading role in this industrialization effort. It has been a pioneer in bringing new technologies to many areas, in ensuring and even spread of industrialization, in developing skills amongst our workers, in management, developing a technological manpower in the country. Our policy is to strengthen the public sector. The total commitment to the public sector is at the top of our economy. We will ensure its leading role. There is no question of privatisation. We want to see, at the same time, a better functioning public sector. It is not good enough just to have a massive public sector which is flabby and does not move. An efficient public sector which helps development, which helps the country move forward, which generates wealth for the country, not the public sector which absorbs our wealth, that must be created. We look for better performance in the public sector. We look for much higher productivity, increased generation of resources for investment and expansion of the public sector. This thrust and this concentration on the public sector is so that we can become self-reliant. Self-reliance is an essence of our economic policy and it is essential not just for our own economic development but it is essential for our political independence; it is essential if we are to take an independent stand in world affairs. Self-reliance, on the other hand, cannot mean that we produce everything that we need. Self-reliance must have an essence of practicability put into it as well. Yes, there are certain areas, strategic areas, certain high technology areas where it is essential for us to even spend disproportionately higher amounts in producing in these areas and we will do that and we are doing that but

[Shri Rajiv Gandhi]

self-reliance cannot mean that we spend vast amounts of money to produce items which are easily available as imports. I have been told that there have been cases not now but in the past where items which we could import for a dollar, perhaps two dollars, have been made in the country and they have cost us over a thousand rupees to manufacture. So, this sort of disproportionate costs cannot lead to true self-reliance. True self-reliance will come about if our economy is strong enough, if our exports are strong enough to be able to pay for the imports that are necessary and if those strategic items which can hold us to ransom at critical moments, those strategic items which cannot be available to us because of political or other reasons are made in the country and we are capable of making it. Our economy has been built in a manner where we have this type of self-reliance. We are self-reliant in most of the key, strategic, areas where we cannot or do not get help from outside. Where we have invested in certain sectors as, for example, space, nuclear areas, in certain Defence areas, in certain bio-technology areas, in many other areas, we have a very basic structure which looks ahead to a very strong development, to a fast development and to bringing, laying, very strong foundations for a new type of economic development that the country needs now. Self-reliance needs a very strong export sector which can hold and maintain the essential imports that we need. Foreign investment has followed a well-known policy throughout these years. There has been no change in the policy on foreign investment in the recent years. The policy is well known. There is no open-door policy. Only selectively are industries allowed to come into the country. Foreign investments in multinationls do contribute to our development, but they must do so on our terms. We must not compromise on the terms, and we have not compromised; we do not intend to compromise; we are very firm on this. Our policy has stood the test of time and we will continue with this policy.

The current state of the economy is very good. Our policies have yielded good results. The economy is in good shape Prices are well under control. Wholesale prices Index in March have come down by .3 per cent and the wholesale price index, the annual rate, is below 5 per cent. The consumer price index has declined by 0.9 per cent. Between December and March the annual inflation rate is down from 9.3 to 7.5 per cent. In December it was 9.3. In March it has come down to 7.5. This is a very positive trend.

Overall, the Seventh Plan has taken off to a very good start. With the 1987 Budget provisions in the first three years of the Plan a full 63 per cent of the Plan Outlay will be achieved. This is the first time in a Plan that this has been achieved. (*Interruption*) If all the States also contributed equally, then the Plan would run much better. Unfortunately some States cannot fulfil their Plan targets like they should be doing and there are shortfalls and allocations remain unutilised.

Madam Deputy Chairman, our policies have worked well. Our economy is poised for another year of healthy growth. I would now like to turn to some points which have been raised during the debate.

One of the points that have been raised is that of Centre-State relations and whether the Centre is robbing the States of their rightful dues. I beg to state that I do not see development in such black and white terms as this is the Centre and that is the State. I see development as a joint effort by the Centre and by the States and we cannot have a division on this.

4 P.M.

SHRI N. E. BALARAM: Where is the division? It is a fact that the Centre is there and the States are there.

SHRI RAJIV GANDHI: I am not trying to get rid of the States. I am only saying that we have to work together. Development is a joint exercise of the States and the Centre; but they are not joint. It is a joint exercise.

SHRI NIRMAL CHATTERJEE: So much so that when the elections came, you wanted to take charge of West Bengal!

SHRI RAJIV GANDHI: I was only worried about the allocations which you were not utilising. In the Sixth Plan, you remember, you lost over a thousand crores of rupees because you did not utilise it since the State did not function. Anyway, let us not raise that issue now. (*Interruptions*). What we have to do is this: Development is a joint exercise by the Centre and by the States and let me also reiterate that whether investment the Centre makes is for the States and there is nothing that we are hiding underground in Delhi. If we put up power stations, the energy goes to the States. If we put up industries, the benefits go to the States. So, this is a joint exercise between the two and what we have to do is to see that the balance is properly maintained and this is where I do have a complaint. My complaint is that we from the Centre, supported by the States, are not investing in infrastructure, we are not investing in areas which will produce more wealth for us to invest again, and it is essential that this investment in growth, in productive areas, does take place. Otherwise, we will go into a spiral and we will not have any money to invest in future and this is necessary. I would request the States specially—and I am saying it in this House because you are all representatives of the States—that the States should look at the basic infrastructure much more seriously. In the States there is a tremendous pressure—and I am not talking of non-Congres (I) States or Congress(I) States, but I am talking of all States which include Congress (I) States and also the Opposition-led States—and there is a lot of pressure not to have long-term investments, but to put money in areas which can give quick results. Now, we must have a much more serious outlook in the States and investment in long-term growth must be a perspective which is visible in the States as well. It cannot be something that is left only to the Centre and we would like to see much better co-operation between the States and the Centre in this exercise of development. From our side, there will no shortcomings and I have already said that.

SHRI NIRMAL CHATTERJEE: This is for Haryana also?

SHRI RAJIV GANDHI: Yes, for Haryana also. I have already gone to a number of States and we have sat down and tried to sort out the pending problems with the States, especially in the State to which the vociferous Member from the opposite bench belongs, and we have cleared a very large package and the package is not something which we conjured up out of the blue, but it is the result of Centre-State co-operation, looking at the total development of the State and we have done this in many States. In different States this has come in different ways. In some States, it has come in one way and in other States, in another way. I would like to extend this co-operation much further and see that all our projects, Central projects or State projects, are completed efficiently and on time and within the allocations that have been laid out for them.

Having said that, I would like to reiterate that more resources have been transferred to the States this year than ever before. Just for example: In 1984-85, just two years ago, we transferred Rs. 14,700 crores and if we go before 1985, it was much much less. In 1984-85, we transferred Rs. 14,700 crores to the States and this year we have transferred Rs. 23,250 crores.

PROF. C. LAKSHMANNA: What is the percentage?

SHRI RAJIV GANDHI: I do not have a calculator with me now. But from Rs. 14,700 crores to Rs. 23,250 crores means it is almost double. In these two years, we have almost doubled the amount that we are transferring to the States. The exact percentage I can give you later. The buoyancy in the tax returns has also benefited the States very much. So there has been no shortage in what the States have got. States have got very much more.

[Shri Rajiv Gandhi]

Some Members have referred to the problems of fiscal imbalances, growth in Government expenditure and the size of the deficit. We are also concerned in these areas, and we have been looking at them long before you raised them. The deficit, as I have said, we have pegged; we are not going above that number And we have been very strict even in this intervening period between the Budget and now. We have been very, very strict in the Cabinet. Where any escalations have come, we have not allowed any escalations or any increase in expenditure. And I have no doubt that we will be able to stick to our commitment that this deficit will be maintained. This deficit will be maintained and it will not go out of the number that we have stated. But it does mean that we have to be very strict with States, too, asking for extra money. I would also like to remind the Members that once we have frozen the deficit at this number, it is going to make it difficult for us to give any high amounts for drought relief, flood relief and other reliefs. That number also then is frozen. We have to balance it throughout the year. (*Interruptions*)

SHRI NIRMAL CHATTERJEE: If natural calamities cannot be taken care of....(*Interruptions*)

SHRI RAJIV GANDHI: We have given higher allocations for natural calamities than have even been given. And there is a certain responsibility for the States also. It is unfortunate that some States are trying to run heir full plans through drought relief and flood relief. We cannot allow this to happen. (*Interruptions*)

SHRIMATI RENUKA CHOWDHURY (ANDHRA PRADESH): Which are the States which are trying to...(*Interruptions*) Are you denying that there is need for flood relief and drought relief? (*Interruptions*)

श्री राजीव गांधी : अगर आप बैठेंगी तो मैं बोल सकूंगा।

श्रीमती रेणुका चौधरी : आपको सुनने के बाद ही तो मैं बैठूंगी . . . (व्यवधान)

SHRI RAJIV GANDHI: There is the genuine problem where there is drought, where there is flood, and we have been helping in larger degrees than ever before. But there is also the genuine problem when the deficit is high. So when there are two genuine problems, we have to balance between the two and find a right point. We will try to do that. But I am just putting it on record that because we have frozen certain items, we cannot have open-ended doors for drought relief and flood relief. When States are asking for a thousand crores or Rs. 1500 crores in one calamity, which is equivalent to one-third of their Seventh Five Year Plan, there is something wrong there.

Madam, we have established a Cabinet Committee on Expenditure under my chairmanship which will ensure strict discipline with all expenditure proposals. It will monitor the flow of receipts and expenditure and it will also take corrective actions to see that all these factors remain well under control. But there is also the fundamental need to change our ways of working. Our plan, our method of implementing the plan, our method of assessing the degree of implementation, have been reduced to measuring how much money we have spent. We seldom actually go to see what results have actually come out of that money, and when we want more results we do not try to improve the efficiency, we just try to multiply the money to get more. Now, this cannot work on and on. It can work for a period. But there comes a point when a certain amount of efficiency in Government functioning must be brought in, a certain kind of accountability must come, and an increase in productivity of Government, must come in. It is only possible if we

look at all these areas very carefully Again, in these areas, we will need full co-operation from the States. We cannot do this just on our own. We have to see that we work together to improve the efficiency, the quality and the productivity of the delivery system that we have built up. We have to be able to do more with less.

SHRI NIRMAL CHATTERJEE: That is right. And add to unemployment.

SHRI RAJIV GANDHI: Well, there are two ways, as question of unemployment has been raised, that we can do. And it is possible even today. We can stop all productive investment, and for the next couple of years, perhaps, we can try to give employment to everybody in the country. There will be no problem. But in the third year we will have very serious problems because neither there will be any productivity nor will there be employment, and then suddenly we will be like West Bengal. (*Interruptions*)

SHRI DIPEN GHOSH (WEST BENGAL): There are three crores unemployed...(*Interruptions*)

SHRI RAJIV GANDHI: You can pull my leg. I can pull your leg. This is not the time. We will debate that on some other occasion.

We have to see that there is full protection for the revenue inflows. We have to be very vigilant and firm in imposing our tax laws, and we have to see that there is absolutely no toleration of tax evasion, whatever the level, whatever the approach the individuals may have.

Hon. Members have drawn our attention to the balance of payments problems. Yes, there is concern. We have identified this as a concern area right in the beginning of the Seventh Plan. It is not something new which has come in.

SHRI NIRMAL CHATTERJEE: The balance...

THE DEPUTY CHAIRMAN: No interruption, please. Every now and then you are interrupting.

SHRI RAJIV GANDHI: Madam, I have now realised why he gave me his time. He is talking continuously now, throughout my time. Next time I request you to please take your time and not to take my time.

Madam, these areas had been identified in the Seventh Plan. We have taken corrective steps, and we have got the expected effects. The trade deficit has come down very susbstantially. Yes, part of it is because of oil prices. But a very large degree is because of sugar, fertilizer and edible oil imports. And this was the deliberate strategy on our part to reduce these imports to reduce the deficit, *and we have been able to do that.* Other imports are not wasteful imports. They are not luxury imports. They are imports which are basically required for development and the building up of our industries. They are targeted to strengthen the productive capacity, to upgrade our technological capability, to strengthen our competitiveness, specially on the exports. A growing economy needs imports. But what is essential is that we must be able to pay for these imports by exports. And this is what we are trying to do. Export performance in 1986-87 has been very good. Exports have gone up by 20 per cent over the full year. They have exceeded the targets that we have set. The steps that we have taken have yielded results. More steps would be taken. We had set up a Cabinet Commitee to look after exports, chaired by me about a year ago. And this result has come because of that. We look to even increasing this performance this year and in the years to come. I have no doubt that our export industries have this capability and this strength, and they will do this for us and for the nation.

Some hon. Members raised the question of industrial sickness. It is a problem. It is a long-term problem and the long term solution is only modernisation. A sick industry cannot be kept alive by intravenuous feed and injections. There must be a

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system which allows them to stay alive on their own. We can give injections every now and then to boost them up, to lift them up, and that is what we have been doing. For example for cotton textiles, for jute, we have set up modernisation funds. The IDBI has a special scheme for upgrading technology in selected capital goods industries. What we need is that the management should be able to identify and declare sickness at an early enough stage, and not rely on borrowing or diversion to bypass that sickness.

We have set up the Board of Industrial Finance and Reconstruction which will identify industries when their losses are equal to half their capital and reserves. At that time the management will seek a fresh mandate from their shareholders. When losses go to 100 per cent of capital and reserves BIFR will step in to rehabilitate in whatever way it is necessary

Many other specific points were raised, some in the House, some outside the House. We have looked into most of them. And official amendments cover many of these areas. The amendments that we have proposed have been carried out in the other House and the Bill, as amended, which is coming here, includes most of the recommendations that have been made in the House, outside the House, and we have no doubt that the House will approve of the Bill as we are bringing.

There are some points which have been raised, I believe today and I would like to cover these. One Member has raised the point that we have gone to the ADB to get a loan and the earlier Government had returned the IMF loan. The hon. Member is very knowledgeable and I have no doubt that he knows that the IMF loan that the previous Government took was a short term loan only for balance of payment support and what we have taken from the ADB is a long-term loan for projects and for progress. And I might remind the hon. Member that this ADB loan was requested long before this Government came in and perhaps the hon. Member, himself was in my position.

SHRI PRANAB MUKHERJEE: Not for 200 million but for a billion, that is the difference.

SHRI RAJIV GANDHI: Industrial growth, as I have said during my Budget speech, has been the highest. The three years of industrial growth that we have had are the highest that we have had in 20 years. And, I have no doubt that the growth will improve and become even higher.

There has been no change in the FERA at all. The MRTP has only been updated keeping in mind the inflation and the value of currency that has taken place in the mean time, the increase in prices.

A question was also raised about revenue surpluses and I might remind the hon. Members that the Centre always had plenty of revenue surpluses till 1978-79 and from the decision flowing from the Seventh Finance Commission revenue deficits have occurred from 1979-80. This has been a very difficult area for us. We can only look forward to the next Finance Commission to set that right.

One Member has raised the question of 115J and minimum tax. We have already brought out some corrections. We are very clear that there should be no 'no tax companies' If a company can give a dividend and show a profit, then surely the company can give tax. What we are asking for is a very small proportion as tax. What we have done is to allow the unabsorbed depreciation as it is allowable on their declaration of dividend to be used for taxation, because we feel that they should pay some tax. We see no irrationality in this. Major points have been cleared and if

we find that there are some maior problems coming up, we will look into them and see what we can do to clarify the position.

SHRI V. GOPALSAMY: I asked a question, whether this Government will request.... (*Interruptions*). I have not even completed it. I asked a specific question whether this Government will request the Swiss Government to freeze the accounts of Indians in the Swiss banks as Mrs. Aquino of Phillipines did.

SHRI RAJIV GANDHI: We will look into and see what Mrs. Aquino did, but we will try on our own also. I am very sorry; I thought hon. Member would understand English, otherwise I would have said it in Hindi.

SHRI V. GOPAL SAMY: I am not so well-versed as you are because you had the privilege of going to Doon School. I studied only in a village school.

SHRI RAJIV GANDHI: आपक सुझाव हम बहुत गौर से देखेंगे।

SHRI V. GOPALSAMY: Neengal solvathu enakku onrum puriavillai. Hindi theriyathu.

SHRI RAJIV GANDHI: One more point has been raised by some Members and I think it does require a certain explanation. Many Members raised the question of raising the exemption limit, and I believe....

SHRI G. SWAMINATHAN: I raised it.

SHRI RAJIV GANDHI: We feel that exemption limit is already high. It is twelve times our per capita income, which, perhaps, is amongst the highest in the world and we see no reason to raise it any higher. There was a suggestion that it should be raised for salaried income people. There is already a difference between the salaried people professionals. Salaried people are allowed a higher Standard Deduction but the professionals are allowed deduction on expenses. So, that balance is already built in, and as it is already twelve times our per capita income, we feel there is no reason to raise it even higher.

SHRI G. SWAMINATHAN: The point I raised was whether it will be linked to consumer price index, because in 1961 if the value of rupee was one, now it is only 14 paise, and if we calculate it, the exemption limit should be Rs. 50,000/-. Because the consumer price index is related to ordinary people, the workers, I wanted to say whether you will link it to consumer price index.

SHRI RAJIV GANDHI: It is assured that consumer price index applies to everyone In fact, it is a price index for the labour only; it is for industrial workers. It is not a general consumer price index, and it does not reflect the problems of villagers, or the rural areas. We are now trying to come out with an index which will reflect the problems of the rural areas which are in majority in the country, and we will try and link our policies with that, rather than with the industrial workers' index, because although the industrial workers have many problems, but they are very much better off than the people who are in rural areas.

In conclusion I believe I have covered most of the points. Perhaps, all the points that have been raised. I thank the Members for their valuable suggestions. Many we have already incorporated. Others we have not incorporated, we will keep in mind and use them while formulating the fiscal policies, perhaps, in the next year's Budget. Thank you.

THE DEPUTY CHAIRMAN: The question is:

> "That the Bill to give effect to the financial proposals of the Central Government for the financial year, 1987-88, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE DEPUTY CHAIRMAN: We shall now take up the clause-by-clause consideration of the Bill.

Clauses 2 to 109 and the First Schedule, the Second Schedule, the Third Schedule and the Fourth Schedule were added to the Bill

Clause 1, the Enacting Formula and the Title were added to the Bill

SHRI RAJIV GANDHI: Madam, I beg to move:

"That the Bill be returned."

The question was put and the motion was adopted

THE DEPUTY CHAIRMAN: Now, there is a paper to be laid on the Table.

PAPER LAID ON THE TABLE—Contd.

Notification of the Ministry of Finance (Department of Revenue)

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): Madam, I beg to lay on the Table, under section 159 of the Customs Act, 1962, a copy (in English and Hindi) of the Ministry of Finance (Department of Revenue) Notification No. 198/87-Customs, dated the 7th May, 1987, amending Notifications Nos. 130/86-Customs and 136/86-Customs, dated the 17th February, 1986, so as to remove the specific levy of Rs. 3/- per kg. in respect of both Dimethyl Terephthalate and Terephthalic Acid and fix the total rate of import duty on Terephthalic Acid as 190 per cent *ad-valorem* and on Dimethyl Terephthalate as 190 per per cent/180 per cent *ad-valorem* (Preferential), together with an Explanatory Memorandum thereon. [Placed in Library. *See* No. LT-4395A/87).

THE FACTORIES (AMENDMENT) BILL, 1987—Contd.

THE DEPUTY CHAIRMAN: We now take up the further consideration of the Factories (Amendment) Bill, 1987. Shri Chimanbhai Mehta to continue his speech.

SHRI CHIMANBHAI MEHTA (Gujarat): Madam Deputy Chairman, the other day I was referring to the question of labour participation which is provided for in the Factories (Amendment) Bill. I consider this to be the main thrust of the Bill and a very positive aspect of the Bill. Questions are being raised as to how the principle of labour participation is going to be implemented. In the amending Bill itself, it is mentioned that there would be equal number of workers and management representatives who will constitute the Safety Committee and they will take into account the question of safety and other related issues. Now, other issues are being raised in connection with this as to how the labour representatives are going to be chosen; whether they are going to be nominated or elected; if they are going to be elected, whether it will be by secret ballot or in some other manner. This is a very pertinent question. So far, we have neglected this question and because of that, the labour movement has suffered all along, all these years.

Even in the case of recognition of trade unions, this question is raised whether it should be by secret ballot or on the basis of verified membership. All these issues have adversely affected the labour movement. Therefore, I would request the hon. Labour Minister to come out with concrete proposals acceptable to the entire labour movement. I think, the Industrial Relations Bill is on the anvil. He has promised. For the verification of membership, a check-off system is going to be introduced. That means, a worker can opt out for any union he likes and request the management to pay the subscription to that union from his salary. That should make it clear as to which union the worker belongs and on that basis, on the pro *rata* basis, or on the basis of the majority either the union nominates the worker's representative or some other method is to be worked out. I think that should satisfy our entire labour movement.